

Connecting
the dots ●
Annual Report
2022

Beaulieu
International
Group



Dear reader,

We'll skip the part about 2022 being a challenging year – you already know – and cut right to the chase: with this annual report, we want to show that B.I.G. has moved on from being a high-volume product manufacturer to being a value-adding solutions provider.

That sounds simple enough, but one does not simply make the switch. It took ...

52

weeks of weighing up options to optimize customer value

365

days of investing in smarter, more transformative offerings

8.760

hours of broadening distribution to better service everyone

525.600

minutes of saying 'yes' to a more sustainable future

In other words, 2022 was all about **connecting the right dots** to make good on both our mission and purpose. Just to make sure you remember that central idea when reading this report, we've made the right dots tangible by perforating the pages.

The result: we're here to stay and grow. Not only for our customers across the globe, but for our employees as well. Sure, having a varied mix of polymers, engineered and flooring solutions, as well as operating in numerous countries gives B.I.G. a strong foundation, but nothing spells resilience like a passionate workforce. They're the ones who look for the right dots to connect, day in, day out. We performed well in 2022 and we have our 4.907 employees to thank for it.

Get to know the revitalized B.I.G.!

Share your feedback, spread the word, get inspired to join in ... but above all: enjoy the read.

Board of Directors



Our Purpose

Shaping sustainable living, together.



Our Mission

As a global family business, Beaulieu International Group develops and co-creates – in an innovative, entrepreneurial and sustainable way – flooring and material solutions to enhance the quality of living and working for every generation.

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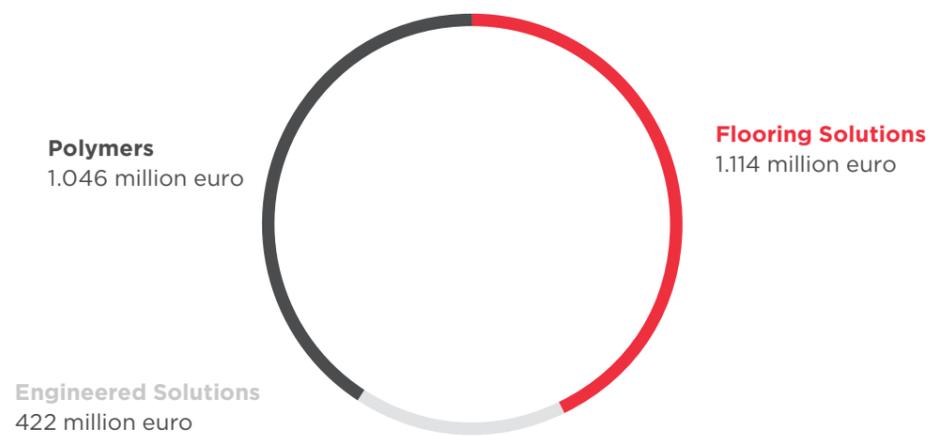
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Consolidated key figures

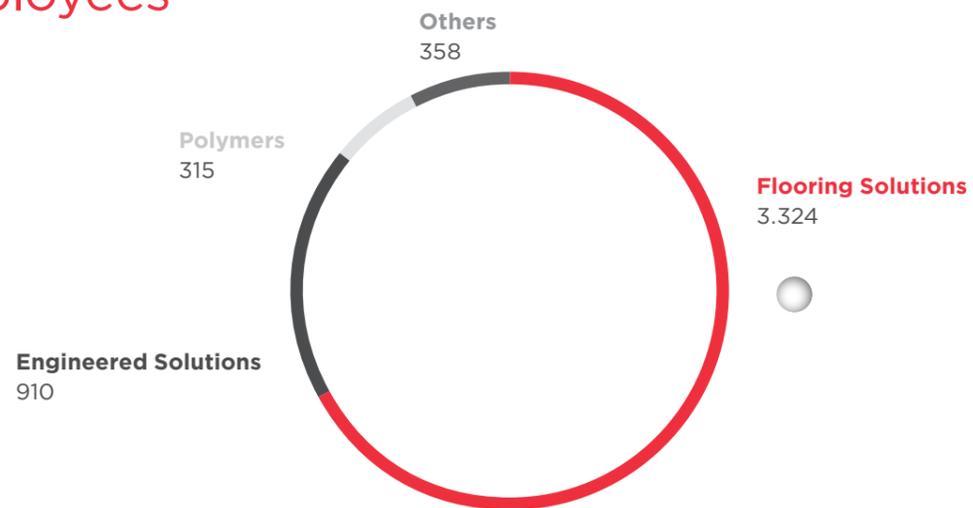
(in mio €)	2022	2021	2020
Income Statement			
Turnover	2.430,5	2.511,1	1.736,8
Operating profit before non-recurring items	195,6	400,5	145,0
EBITDA	249,7	450,8	204,6
EBIT	179,8	378,4	126,7
Net result	120,1	274,5	87,1
Balance Sheet			
Equity	895,0	781,5	881,6
Net cash position	105,8	22,2	198,4
Total assets	1.280,0	1.414,2	1.237,5
Capital expenditure	73,2	56,2	51,0
Working capital	395,2	373,8	284,8
Capital employed	842,4	805,8	719,5
Ratios			
EBITDA on sales	10,3%	18,0%	11,8%
Solvency - Equity ratio	69,9%	55,3%	71,2%
ROCE	21,3%	47,0%	17,6%

B.I.G. at a glance

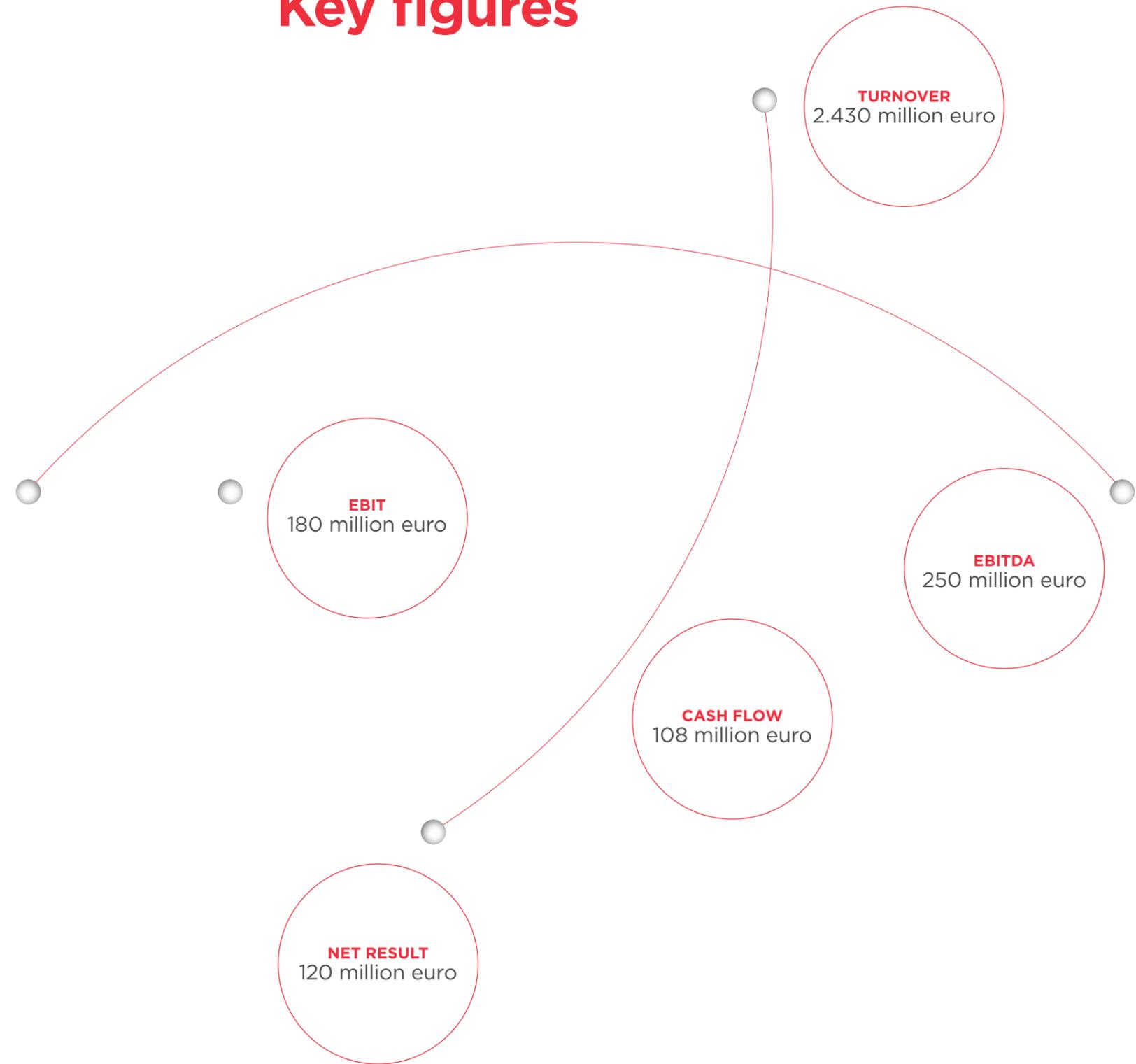
Sales



Employees



Key figures



B.I.G. in numbers



**Founded
in 1959**
by Mr. and Mrs. De Clerck



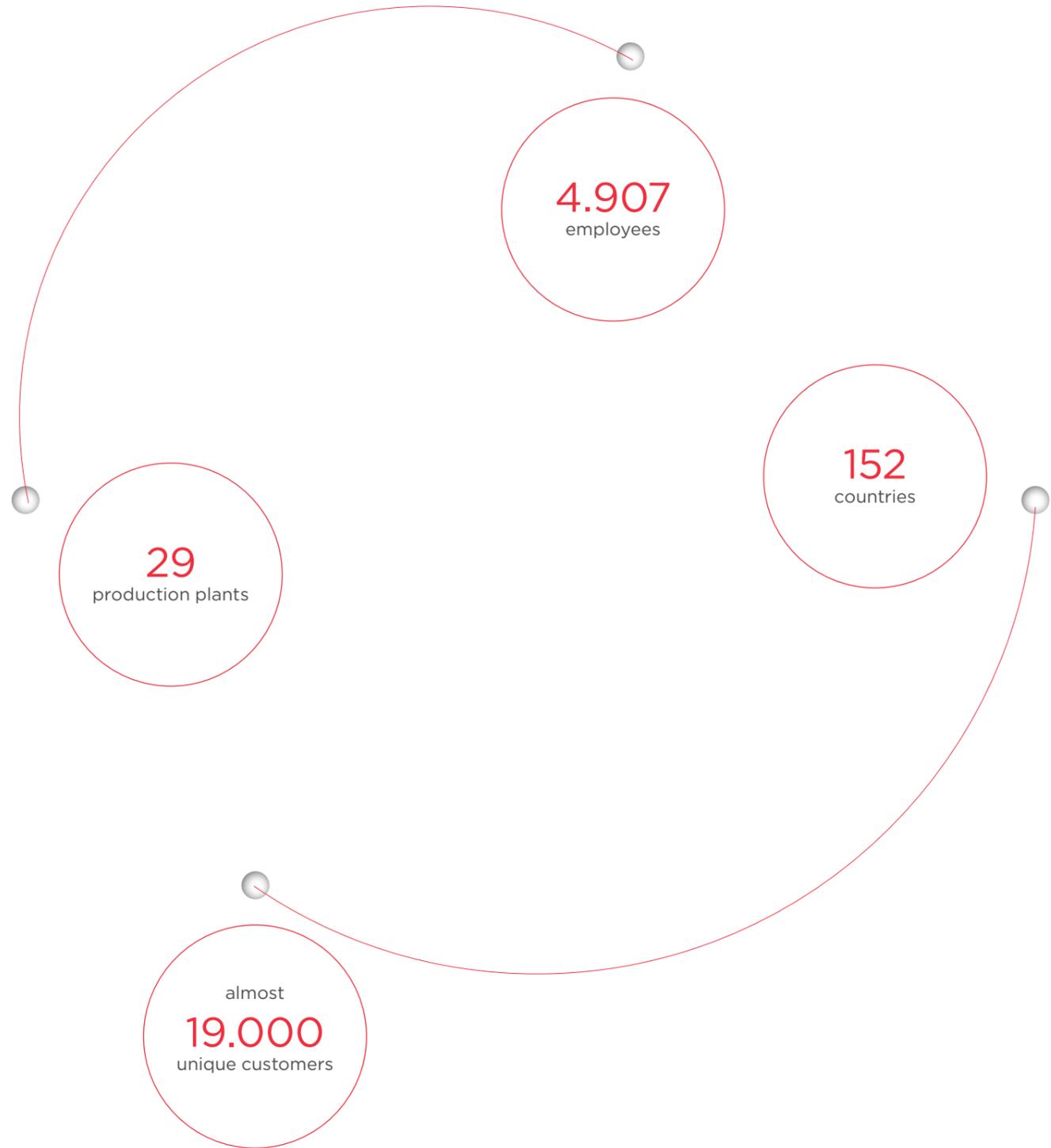
**3 business
units:**
Polymers,
Engineered Solutions
& Flooring Solutions



100%
family-owned
industrial Group



Headquarters in
Waregem, Belgium



A global and versatile industrial Group



How we're connecting the dots

Last year, the B.I.G. fleet sailed through choppy waters. And yet, our **4.907 employees** – a motley mix of fathers, daughters, friends, foodies, sports fanatics, nature lovers and more – managed to keep us on course. **To give you an idea of how we fared in 2022, let's hear from 2 of our employees.**



Martien Loosveldt started her B.I.G. career 30 years ago as Internal Sales Assistant at our former woven carpet division Confortex in Comines (France). Today, she works as Sales Manager at Beaulieu Technical Textiles in Komen (Belgium).



Mason St. Pierre joined B.I.G. in 2018 as a Supply Chain Intern at Pinnacle (USA). His mother Stacy also works there as Controller. In 2022, Mason became Marketing Manager of our North American Polymers division.

Martien and Mason maintain close contact with our customers and a broad internal network. This makes them the ideal duo to describe **life at B.I.G. in 2022 in 3 words** – and lots more!

Turnaround

Martien: “I won't beat around the bush: 2022 was one of the most difficult years in my career. If you know us, though, you know that we love a good challenge. For Beaulieu Technical Textiles, 2022 was a year of turnaround, and as a Sales Manager, I experienced that turnaround up close. To put it simply: in 2021 we could barely keep up with demand, a year later we suddenly had an oversupply. We had to pull out all the stops to keep the trust of our customers and stay ahead of the competition.”

Mason: “The situation at Pinnacle in 2021 was similar to Martien's experience. While it was a record year, both for the Polypropylene Industry and Pinnacle, it wasn't all sunshine and rainbows, as our local area was ravaged by a devastating hurricane. These difficult circumstances forced us to work together very closely within our teams. In the end, it paid off. Though still way off the 2021 anomaly, 2022 was a fantastic year historically speaking and, more importantly, our team spirit is stronger than ever. Even, or should I say especially, in tough times like last year, you can see what a close-knit family we really are.”

Growth

Mason: “Despite the difficulties of 2022, it was still a special year for me personally, as I advanced to the position of Marketing Manager. I'm very grateful for the amazing mentorship of the former Marketing Manager, Lester, and the other members of the Leadership Team. They taught me the ins and outs of my new position and really helped me to get where I am today.”

Martien: “This idea of mentoring, of passing knowledge and skills from peer to peer, is crucial if we want to become a talent-first organization. I myself, for example, am in the lead in organizing a Salesforce course for our team members. And there is also knowledge sharing at group level: last year, the Innovation Factory was set up. During this one-day event, colleagues from all over shared their experiences with innovation. Really insightful!”

Mason: “Going through a rough period like last year also made us realize how important that sense of belonging is. Specifically at Pinnacle, we started using Bonusly, a social media-like reward and recognition platform that allows personalized feedback and peer-to-peer encouragement. It's a great way to stay on top of what your colleagues are doing. And there are also global initiatives like All Voices Count. During these sessions, we learned about our new purpose and long-term vision to make sure we're all working towards the same goals.”

Martien: “I think our Global Engagement Survey also fits very well into this idea of belonging. Each and every one of us is able to express how they experience working at B.I.G. It feels good to know that we are being listened to and that our feedback is actually being acted upon.”

Mason: “And perhaps one more notable growth area: sustainability. With the rollout of Route 2030, our sustainability strategy, it became clear that we need to act sooner rather than later. So, we did! At Pinnacle, we look primarily to our colleagues in Europe, who are several steps ahead. To reach their level, we recently appointed a Sustainability Engineer, who helps us improve our energy efficiency and follows up on the increasingly strict regulations around sustainability.”

Martien: “Route 2030 has really triggered a change in mentality, and you can see that throughout the company. For example, our site in Komen is equipped with solar panels, as are a number of other sites in Belgium. We also produce a minimum of waste, and we even have our own recycling service. All these small steps allow us to make big leaps.”

Confidence

Mason: “I'm very much looking forward to giving our best again in 2023. It won't be a breeze, that's for sure, but we have a plan. The biggest challenge for 2023 will be to sell out our capacity, as there is currently a large oversupply in the North American market. To guarantee this, we're looking to start supplying our products into Europe too. Exciting times are ahead, and we're on the right track. It's now a matter of continuing to do what we do best.”

Martien: “Let one thing be clear: although we've had a particularly difficult year, especially from the summer onwards, I've not once doubted us. On the contrary: I'm confident that we'll emerge from this stronger. In my 30 years with B.I.G., I've seen how, when the going gets tough, we always show resilience and fighting spirit, and never lose sight of the bigger picture. In the moments when it matters, we stand up as one team.”

Together, we are connecting the dots for a B.I.G.ger future!

Happy reading!
Martien & Mason

Milestones

A selection of the most remarkable achievements in 2022

See the holes in this report? They're not to save on paper or to be cute, but they refer to the dots our colleagues connected throughout 2022. Connecting exactly these dots was crucial in becoming a value-adding solutions provider as well as a talent-first organization. Each dot represents a team effort, a remarkable breakthrough, a forward-looking investment, a conscious decision or other milestone. Dive in to get the specifics.

Group

First Global Engagement Survey

What is it like to work at B.I.G.? That was the question we wanted to answer with our first-ever Global Engagement Survey, launched in June 2022. 76% of our employees gave their opinion on life at B.I.G. in their responses to 27 questions. We are delighted that the engagement score of 73% is in line with the industry benchmark. In addition, the survey revealed 3 strengths: work-life balance, empowerment and belonging; plus 3 opportunities for improvement: open communication, inclusive leadership and recognition. In 2023, we will use this input to make B.I.G. an even better place to work, while we are also planning a follow-up survey, which will allow us to start benchmarking internally as well.

Route 2030: our road to sustainability

Sustainability has always been high on the B.I.G. agenda, but last year we shifted up a few gears. After formalizing our sustainability model in 2021, we appointed the Group's first Sustainability Director in the spring of 2022. In the following months, we accelerated Route 2030, our sustainability strategy, and achieved various milestones. Among them, the establishment of a Core Sustainability Team and different Centers of Excellence, the definition of a clear methodology with KPIs and quantitative targets, a first assessment of where we are in terms of greenhouse gas emissions, as well multiple partnerships, new initiatives and trainings. Long story short: in 2022, sustainability has become an integral part of our DNA.



Global Safety Campaign

At B.I.G., raising safety awareness really is an ever-ongoing effort. To streamline our efforts worldwide, we launched our Global Safety Campaign in line with our ONE B.I.G. strategy on 28 April 2022, coinciding with the annual World Day for Safety and Health at Work. This global approach resonated with all sites, resulting in a broad range of local initiatives, driven by our ambitious plant and SHE managers, and put into practice by our employees.

Flooring Solutions

Ramping up our HPF production capacity

BerryAlloc Norway specializes in the production of High-Pressure Flooring (HPF), a premium Laminate with a high wear-, shock- and drop-resistant surface. In January 2022, BerryAlloc approved the expansion of our HPF production capacity from 5 to 9 million m² per year in response to increasing market demand. To make this possible, we commissioned a new production line and further optimized our existing production process.

Cushion vinyl best in class despite sharp rise in input costs

Last year, our cushion vinyl brand Beauflor faced a substantial increase in input costs. With PVC and plasticizers doubling in price and rapidly rising energy costs and inflation throughout 2022, there was a lot to take care of. To be able to continue to bring real value to our customers and consumers even in difficult times, Beauflor had to focus on price management and raised its prices 3 times in 2022, for the first time ever. Despite these price increases, cushion vinyl remains an affordable flooring solution, outperforming all other flooring categories thanks to its resilience to resource shortages, such as wood, and its ability to attract more buyers with limited budgets.

Act Global acquisition

As a part of our strategy, we actively invest in key growth markets to further expand our solutions portfolio. In November 2022, we took our Artificial Grass business to the next level with the acquisition of Act Global. The leading US synthetic turf manufacturer has close to 300 certified fields installed, and holds soccer (FIFA), field hockey (FIH), rugby (WR) and tennis (ITF) certifications. Act Global's experience includes projects in over 90 countries, multiple NFL football installations, a growing North American landscaping business, patented aviation and landfill solutions, and recognition by the Synthetic Turf Council for its sustainability and philanthropic efforts. This acquisition will enable us to strengthen our position in the global Artificial Grass market, especially in the sports segment, and to develop even more sustainable solutions in the future.



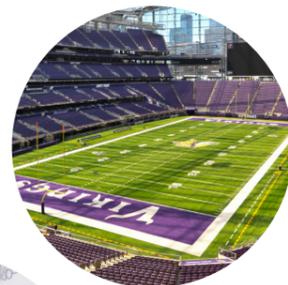
Beauflor boosts digital printing capacity by 50%

To meet the increasing demand for cushion vinyl, we maintained focus on digital printing. In 2022, we invested in 2 new digital printers at Beauflor, enabling us to scale up production from 4.000 to 6.000 m² of digitally printed cushion vinyl per day. The shift from analog to digital printing has many advantages: more efficient production, shorter delivery times, increased flexibility to create unique, tailor-made designs, shorter delivery times, and a safer workplace. Today, we have a range of more than 2.000 designs. Moreover, our R&D teams are collaborating closely with printer manufacturers, ink suppliers and other players to develop the next generation of printing technology and further increase our digital printing capacity.



Presenting the future of flooring at the Flanders Flooring Days

In May 2022, B.I.G. co-organized the first edition of the Flanders Flooring Days. During this event, 10 leading flooring manufacturers from East & West-Flanders (Belgium) opened their doors to more than 1.000 customers from 55 countries around the world. No less than 130 companies were able to enjoy the widest and most creative flooring collections in our Beauflor, BerryAlloc, Carus/Ideal and Real/Orotex showrooms. Fun fact: visitors were welcomed into all participating partner showrooms (Associated Weavers, Balta, COREtec Floors, ITC, IVC Group, Lano Carpet Solutions, Modulyss, Ragolle and Unilin) on our very own needle felt carpet, emblazoned with a unique Flanders Flooring Days signature! The first edition was most definitely a great success, and a follow-up edition is planned in May 2023.



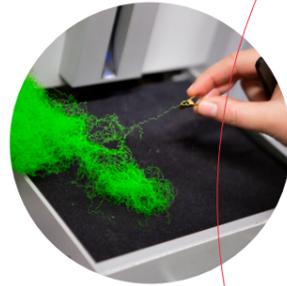
Rewind® (re)gains momentum

Last year, a resurgence in the event and exhibition industry, an increased focus on sustainability, and a successful digital campaign directly targeting venues and organizers led to Rewind® tripling its market share from 2021. Since 2019, more than 6 million m² of 'the most sustainable event carpet' has been laid, and Rewind® has earned several noteworthy accolades, including the 2022 UFI Industry Partners Award for its circular carpet transformation project. To further expand our production capacity, we invested in a state-of-the-art machine that will be operational by April 2024. This will allow Rewind® to further accelerate the shift to sustainable and recyclable event flooring.

Engineered Solutions

Beaulieu Fibres International (BFI) rethinks business development approach

In early 2022, BFI took the first step to reinvent its business development approach. The old model, in which the various responsibilities for growth and strategy were scattered throughout the organization, made way for a new, dedicated business development domain to complement the existing Innovation structure. Ultimately, the goal is to create more sustainable value together with all our partners.



B.I.G. Yarns China sets its sights on the contract and customized residential markets

B.I.G. Yarns China produces polyamide (PA) and polypropylene (PP) yarns, primarily for the contract, automotive and residential markets for both the Chinese and export markets. In addition to Bulk Continuous Filament (BCF), twist and heat-set yarns, B.I.G. Yarns China is now also making two-step air-entanglement yarns on a brand-new air-entanglement machine, which was implemented last year. This way, we strive to strengthen the yarn business with a fast service and new products offering.



Managing our plant in China during the pandemic

COVID had a major impact on B.I.G. Yarns China's operations last year. Mandatory, temporary quarantine for goods in government-designated warehouses and the partial closure of Weihai hampered both the import and export of goods. Also, during the lockdown, workers couldn't move to and from the factory. So, in order to keep production up and running, our blue-collar employees and some key middle managers from operations lived in the factory and continued to serve our customers. Today, the strict COVID controls in China have been lifted and the situation is stable. There is even a positive outlook: sales and new developments volumes are estimated to be significantly higher in 2023.



Beaulieu Technical Textiles (BTT) turns the corner

A drop in demand, a surge in energy prices and the end of some long-standing partnerships in the wake of the armed conflict in Ukraine, have triggered a transformation journey. That journey, backed by extra support in operations, supply chains and sales, consists of a refined go-to-market approach and new market applications. For example, we'll soon launch new solutions for artificial grass customers, as well as the solar energy industry. The past is a place of learning, not a place of living.



Major investments in new yarn technology

B.I.G. Yarns is constantly looking for new ways to reinforce its leadership in yarn innovation and to remain at the forefront of supporting changing end-market needs. Two initiatives from 2022 underscore this. On the one hand, mid-2022 we deployed 4 new, next-gen lines at our plant in France to increase production capacity for one-step 3-ply yarns by more than 20%. These lines use our cutting-edge PA yarn technology, which boosts freedom in design, contrast and color for carpet tile manufacturers, and increases flexibility in batch sizes. What's more, it features a higher level of automation, improving ergonomics for our employees, and optimizes energy use at the French site specifically. On the other hand, to enhance support for more sustainable automotive interiors, we entered into PET yarn production for the first time, offering a portfolio of PET yarns since Q3 of 2022. These are available for automotive applications alongside our EqoCycle recycled-based PA6 yarns.

Our efforts didn't go unnoticed: the Hauts-de-France region and French Relance Program supported both initiatives and selected our French production plant for the industrial investment acceleration fund.



Polymers

Statutory turnarounds for Pinnacle and Polychim

In compliance with government regulations, Pinnacle and Polychim must undergo a statutory turnaround every 6 years. Therefore, in the second half of 2022, both plants were shut down for several months. During this period, all kinds of equipment, such as vessels, reactors, distilling columns etc., were taken out of service, opened up for inspection, cleaning and repair, and then tested. In addition, a number of equipment upgrades were carried out. For example, at Polychim, we implemented a new PP pellets dryer, propylene vaporizer and extruder pump gearbox. Pinnacle resumed production in December 2022. Polychim relaunched in Q1 of 2023.



Distriplast ups usage of recycled material by 13%

Our technical sheet brand Distriplast is one of B.I.G.'s sustainability champions. Last year, we managed to increase the total share of recycled material in our products by 13%. This brings us to a total of 2.712 tons of externally recycled PP (rPP). What's more, we developed a sustainable product line primarily for the construction industry. To illustrate, our black corrugated sheets for walls, floor covers, and concrete slab casing contain between 50% and 62% of rPP. Also worth mentioning is that we have found a workable source of recycled material from Beaulieu Technical Textiles, further promoting circularity within our organization.





Chapter 01

Our business units

Flooring Solutions

Engineered Solutions

Polymers

Flooring Solutions

Division in a nutshell

As a reputable, international leader in residential flooring, we offer an extensive range of products and services, including Vinyl rolls, Luxury Vinyl Tiles (LVT), Wood (Parquet, Laminate and High-Pressure Flooring), Soft flooring, Mats and Artificial Grass. Our offering also includes solutions for specialty segments, such as Needle Felt for trade show and event carpet, as well as a growing product range for commercial flooring solutions.

3.324
Employees

47%
Turnover share

Locations

- Australia
- Belgium
- Canada
- China (divested in Q3 of 2022)
- France
- Norway
- Poland
- Russia
- Slovenia
- Spain
- United States

How we did in 2022

In the first half of 2022, we continued the positive flow from the previous year. From the summer onwards, however, the post-COVID shift in consumption, plus the impact of inflation on consumer confidence, caused a significant drop in overall market demand. In combination with rising energy prices and competition from the Asian continent, this led to reduced overall profitability, although some divisions, especially Cushion Vinyl, continued to perform well.

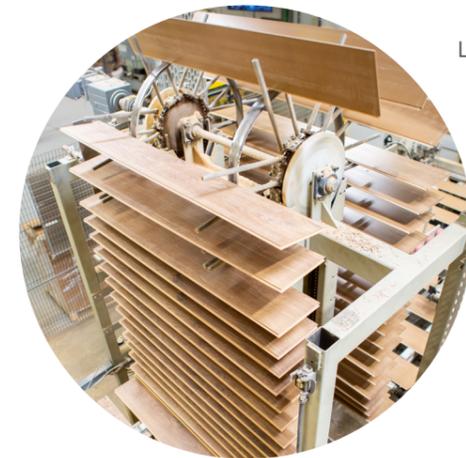
As much as our Needle Felt trade show and event business was negatively impacted during COVID, this product line rebounded strongly in 2022, a trigger for the confirmed significant investment in increased production capacity for our circular trade show and event carpet Rewind® in our Kruisem production unit.

Flooring Solutions is connecting the dots

Doubling down on hard flooring



Luxury Vinyl Tiles (LVT)



Laminate



Parquet

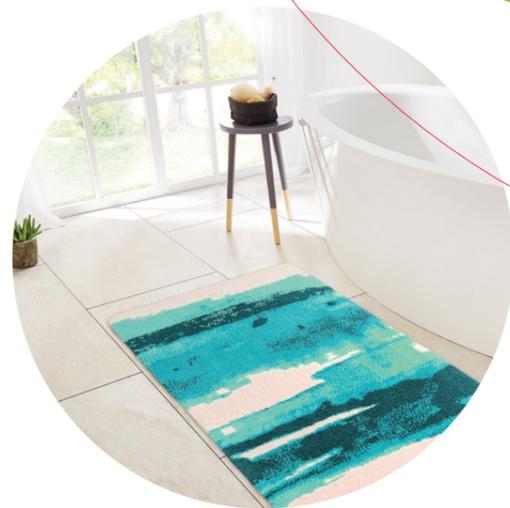
Halting our tufted carpet activity in Europe

The tufted carpet market in Europe continues to decline, resulting in significant overcapacity and the decision to discontinue our European tufted carpet business. The closure affects 174 employees, who we will do our best to redeploy within our Group.

We remain dedicated to our carpet activities in North America and Australia, where the market dynamics are more favorable.

Selling Chinese Mats Division

In August 2022, we sold our Mats division in China. The sale does not affect our European Mats division, which has operations in Belgium and Poland and focuses primarily on offering recyclable and sustainable solutions. This ambition is supported by the recent commissioning of a latex-free finishing line.



Moving forward in Artificial Grass and Needle Felt

- Continued investments in Rewind®, specifically in a state-of-the-art production line, put us back in pole position for Needle Felt.
- With the acquisition and integration of Act Global, we are developing Artificial Grass into one of our next-generation profitability driving platforms.



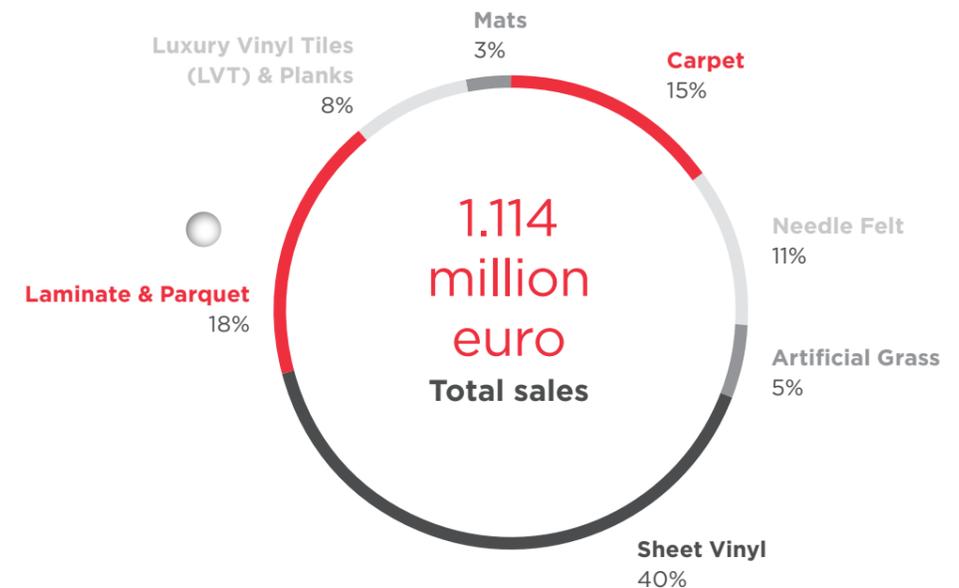
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The flooring market continues to experience strong growth in resilient and hard floor surfaces like Luxury Vinyl Tiles (LVT) and Wood, but also Cushion Vinyl thanks to continuous improvements in quality and design. Investing in these segments today will allow us to succeed in the current business climate and emerge stronger in the future. For example, we have recently expanded our capacity for digitally printed cushion vinyl, and we will expand our HPF production in Norway in 2024. We also remain dedicated to paving the way to growth and profitability for our LVT business.

”

Wim Coppens, VP Flooring Solutions

9 specialized brands in 7 product ranges



Carpet



With over 65 years of experience, Beaulieu Canada is a leading Canadian carpet manufacturer and distributor of various floor covering products, such as carpet tiles, outdoor carpet, engineered hardwood, laminate, and vinyl (LVP, LVT, SPC, WPC, and sheet).



Beaulieu Australia, in turn, serves the market in Oceania. Not only can clients count on our exceptional quality and unparalleled flexibility, each project is also custom-made and executed as quickly as possible with the utmost care.

Needle Felt



Needle Felt products for the residential market, as well as exhibition carpet and outdoor Needle Felt.

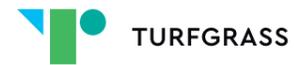
REAL

Durable Needle Felt for commercial environments, such as offices and public buildings, along with exhibition carpet, carpet tiles, runners and mats for residential use.

REWIND®

Latex-free carpet, 100% recyclable into a pure, high-grade recycle.

Artificial Grass



Premium artificial grass that transforms terraces, patios, playgrounds, gardens and any other space into real eye catchers.



Football, padel, hockey, rugby, American football... Our certified sports turf systems enhance players' performance, comfort and safety and make them excel at what they love most, time after time.

Sheet Vinyl



An extensive collection of cushion vinyl rolls, guided by the latest market trends and technology.



Based in Slovenia and Russia as one of the largest regional cushion vinyl producers.

Vinyl planks & tiles (LVT)



The perfect combination of design and high performance. These floors are waterproof, light and rigid, soft and environmentally conscious. Suitable for both residential and commercial use.

Laminate



Premium laminate floors with authentic wood looks that are easy to clean and guaranteed to last a lifetime. Suitable for both residential and commercial use.

High-pressure floors



Made in Norway, these high-pressure floors combine the beauty and strength of Scandinavian technology and design. These floors are impact and scratch resistant, and thus suited for high-traffic areas and busy environments, but also ideal at home.

Parquet



Made in France, these wooden floors are sustainable, easy to clean and made to last.

Walls



Versatile, durable and easy-to-install wall panels for kitchen and bathrooms.

Mats



A range of mainly bathroom, car and residential Mats, made in Belgium, Poland and China (China divested in Q3 of 2022).

Engineered Solutions

Division in a nutshell

As a top-tier engineered solutions provider, we have curated a diverse portfolio of advanced fibres, yarns and technical textiles. Our commitment to excellence is evident in our various cross-disciplinary innovation projects, as well as informed investments in cutting-edge equipment and pilot lines. By prioritizing quality and innovation, we are well-positioned to collaborate with both internal and external clients, driving co-creation and fostering productive partnerships.

910
Employees

Locations

- Belgium
- China (divested in Q2 of 2022)
- France
- Italy

15%
Turnover share

How we did in 2022

The truth is that we can't deny the decline in volumes across all segments and regions. Mainly the second half of 2022 was - how shall we put it? - a pain in the neck. But we can also be proud of the dots we lined up for the coming years. The teams at Beaulieu Fibres International, B.I.G. Yarns and Beaulieu Technical Textiles all turned to more sustainable solutions while the storm was raging above their heads. Come shine, these investments are bound to flourish.

Engineered Solutions is connecting the dots

“

Beaulieu Fibres International demonstrates resilience and ambition

We maintained our market share in most of our key markets. This success can be attributed to the excellent cooperation, flexibility and dedication of our teams. Now, we want to connect our innovation team with market drivers and the technological landscape to develop more innovative and sustainable solutions. In this way, we aim to become the preferred partner in the non-woven industry, with a particular emphasis on the development of composites for lightweight panels, filtration, geotextiles and hygiene applications.

”

Maria Teresa Tomaselli, General Manager of Beaulieu Fibres International

“

B.I.G. Yarns pursues 3-ply focus

With major polyamide and energy price increases, 2022 was a difficult year for our Yarns division. Nevertheless, we aim to keep the engagement of our employees high, and a clear vision is helpful in achieving this. Looking ahead to 2023, we'll pursue our global focus on the commercial market, with a particular emphasis on Europe, Japan and Australia. We'll also continue to accelerate the development of sustainable, close-the-loop solutions, and capitalize on the American and European automotive market, particularly with the introduction of new PET yarns.

”

Emmanuel Colchen, General Manager of B.I.G. Yarns & Technical Textiles

Moving our Yarns Heatset department from Belgium to France

In 2022, the level of activity at B.I.G. Yarns' production sites in Komen (Belgium) and Comines (France) dropped significantly. Moreover, the residential segment within this division suffered from low-cost and intensified imports from Asian players. High raw material costs and energy price hikes in Belgium forced us to regroup the Heatset activities of our Yarns division from Berry Yarns in Komen to Ideal Fibres & Fabrics in Comines, 4 km away. This choice, however difficult it was to make, will allow us to defend our position in the global market and come back stronger. As to the 37 employees that were affected, we did everything we could to offer appropriate solutions within our Group.



Berry Yarns, Komen (Belgium)



Ideal Fibres & Fabrics, Comines (France)

Selling Beaulieu Technical Textiles China

We sold our Technical Textiles division in China in Q2 of 2022 due to its less favorable strategic positioning. Our European Technical Textiles production site in Komen (Belgium) remains unaffected by this decision.

Beaulieu Technical Textiles prepares positive turnaround

While 2022 got off to an excellent start for Beaulieu Technical Textiles, from the second quarter onwards, a drop in overall demand and skyrocketing energy prices led to an extremely challenging environment. Nevertheless, we made progress in 3 areas to enter 2023 stronger:



We gathered additional support in operations, supply chains and sales.

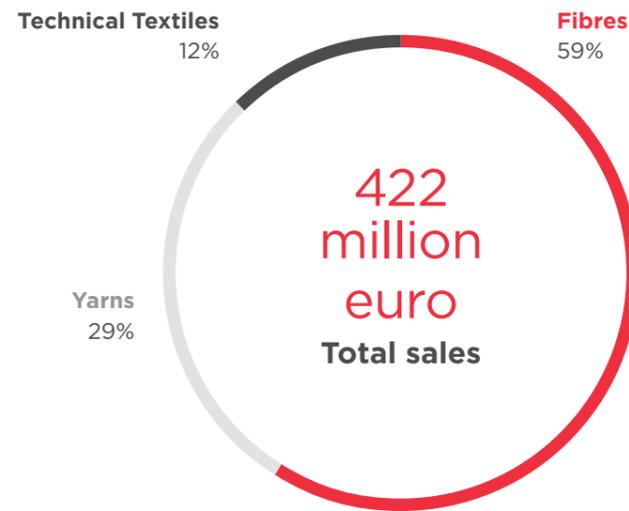


We reviewed our go-to-market approach.



We worked on new market applications for Artificial Grass and the solar energy industry.

3 specialized brands in 3 product ranges



Fibres

Beaulieu Fibres International, Europe's largest and most differentiated producer of polyolefin and bicomponent fibres, has customers in many industries, including geotextiles, hygiene and wipes, flooring, automotive, upholstery, filtration, resin transfer molding (RTM), and construction. Its production sites are situated in Belgium and Italy.



Yarns

B.I.G. Yarns specializes in high-performance polyamide (PA) and polypropylene (PP) yarns for the commercial, automotive and residential flooring market. This division has two production facilities in Europe (Belgium and France), plus one in China.



Technical Textiles

Beaulieu Technical Textiles is a producer of woven textiles, including agrotextiles, geotextiles, carpet backings and industrial fabrics. It originally had two production sites, one located in Belgium and one in China, but the latter was divested in Q2 of 2022.

Polymers

Division in a nutshell

Pinnacle (USA) and Polychim (France) transform propylene into polypropylene (PP) granules for a wide variety of everyday applications, including consumer products, cosmetic bottles, food containers, fibre, spunbond and stretched tape. Distriplast (France) produces fully recyclable PP corrugated sheets through extrusion, primarily for building, packaging, and display purposes.

How we did in 2022

The first half of 2022 was quite favorable for Polymers, mainly driven by the exceptional performance of the American PP market. The second half of the year was marked by a slowdown in the economy and planned statutory turnarounds at both PP plants (Pinnacle and Polychim). As for Distriplast, results were excellent, with strong demand and a solid margin. In Q4, our technical sheets division braced itself for the first signs of the slowdown, which manifested itself mainly in the construction segment in the UK.

Polymers is connecting the dots



2022, a year to adapt, overcome, excel

Soaring energy prices, competition from the Far and Middle East, spiking inflation... 2022 was a tough year, to say the least. To overcome these difficulties, we developed contingency plans, adjusted supply and curtailed output from our plants in line with the drastic reduction in demand. Nevertheless, Polymers did really well, especially Pinnacle and Distriplast, who managed to pass this uncertain year with flying colors. With this momentum, we need to continue to grow in our strategic segments and look for new value-adding businesses.

Bo Oxfeldt, VP Polymers and Engineered Solutions





Pinnacle continues in same positive vein after 'recovery year'

In the summer of 2021, Pinnacle was hit by one of the most severe hurricanes our local area experienced in recent times. In 2022, we began producing at maximum speed, while many of our team members were making repairs to their damaged homes and working extra hours repairing our site. Our administrative staff had to work from home until the office building was fully restored in April 2022. Despite all this, the dedication of the Pinnacle team was responsible for another great year at Pinnacle. Although the 2022 results were not as high as the record results of 2021, we still exceeded all forecasts, despite both the economic slowdown since Q3 and the statutory turnaround in Q4.



Deneice Bercegeay, President of Pinnacle



Record year for Distriplast

Last year, we faced an unstable situation as a result of the armed conflict in Ukraine, sharp price increases for raw materials and energy, and industrial inflation. Nevertheless, our customers continued to appreciate Distriplast's high-quality products and services. This led to a record year in sales and production.



Vincent Boggio, General Manager of Distriplast

3 focus points for 2023:

- efficient corrugated sheet production.
- first-class customer support through effective offers and flexible logistics.
- the development of our protection and packaging business while investing more resources in our sheet conversion department.

The future of Distriplast is... circular!

With 2.700 tons of recycled plastic (+13% compared to 2021), 2022 was a new record year for processing recycled material in our products. In 2023, we'll further expand our product offering across all sectors with solutions that incorporate recycled plastics.



Donut-shaped die cut sheets used as side protection for metal reels

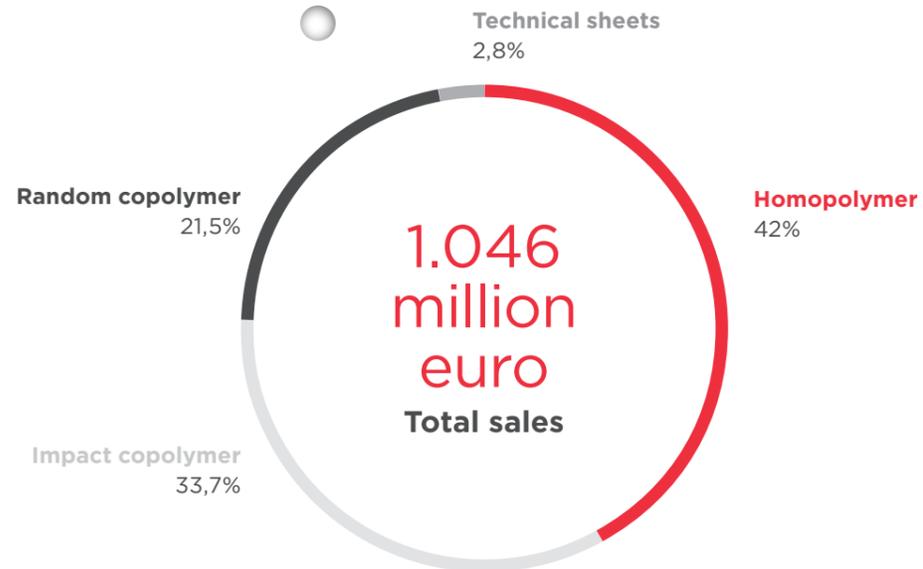


Floor protection for building refurbishment



Rotation containers and storage boxes.

3 specialized brands in 4 product ranges



Pinnacle has the ability to produce 1,2 billion pounds of polypropylene a year. Pinnacle's homopolymers, impact copolymers and random copolymers are all proven performers for injection molding, extrusion and other applications.



Since its foundation in 1990, Polychim in northern France has been specializing in the production of homopolymer polypropylene. Applications include BCF yarn, fibre, stretched tape, carpet backing, thermoformed and injection molding typically used for food packaging.



Distriplast

Distriplast excels in the production of polypropylene (PP) technical sheets for packaging, signage and other applications. Continuous investments in product quality ensure that the products meet the highest standards.

Upholstery

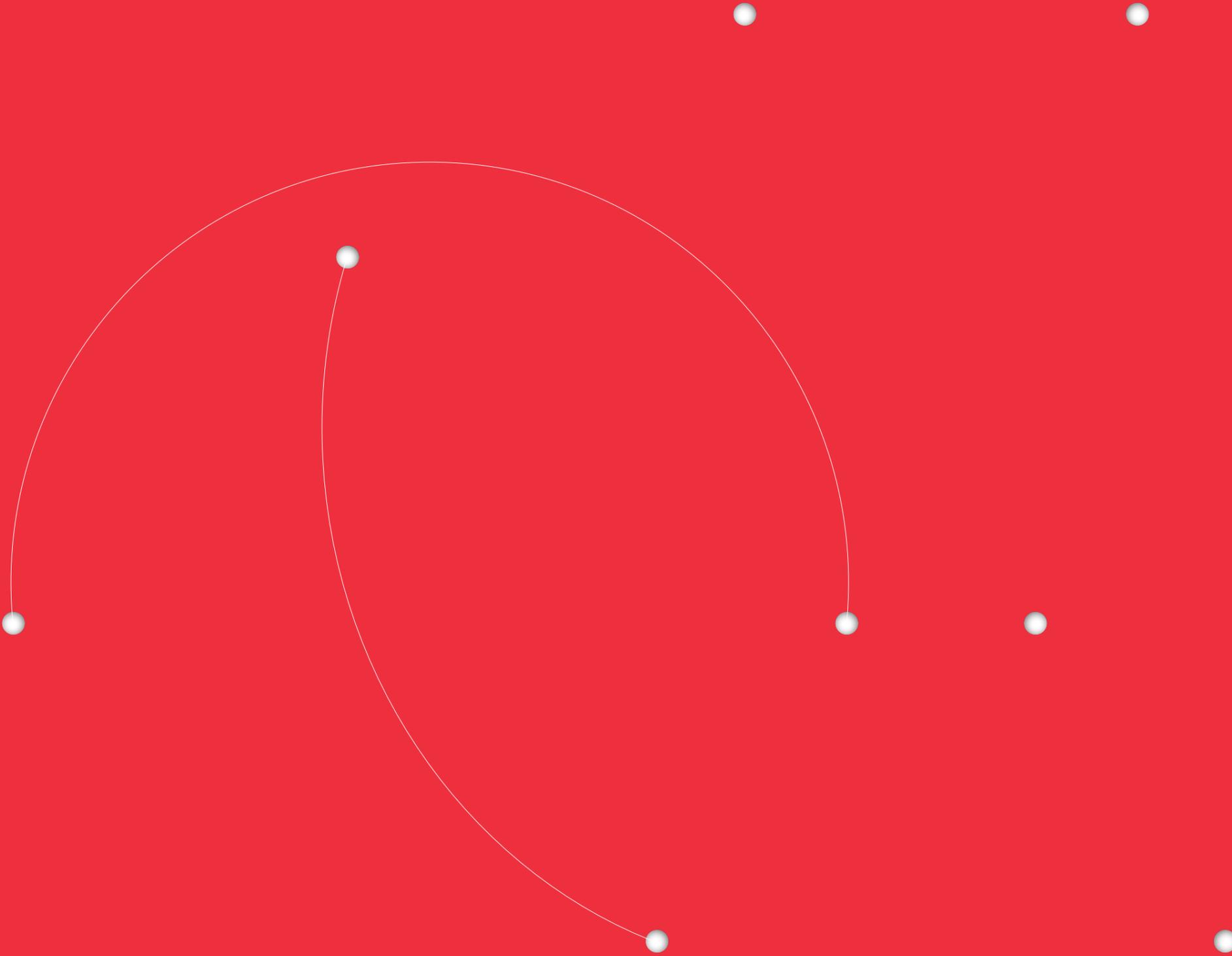
Our upholstery activities, performed under the name of Tessutica, result in quality upholstery fabrics for both residential and contract-ed clients. Tessutica is the Twin Company, proud parent of 2 Twin Brands: Beaulieu Fabrics and Ray Fabrics. The synergy between both brands originates from a long-standing tradition in weaving and exceptional, reputable know-how.

In 2022, the Tessutica team worked hard to transition from volume production to value-based unique fabrics. Our upholstery brand is pushing hard for growth in the outdoor market and aims to establish itself as a pioneer in Sustainable Fabrics.



TESSUTICA
international fabric brands





Chapter 02

The I in B.I.G.

Investing
in the future

Innovation-driven
growth

Intelligent
diversification

Intrapreneurial spirit

Integrated
workstreams

Investing in the future

Yes, we've established industry-leading portfolios of value-adding solutions. No, our work is not done. As our customers' needs evolve over time, creating solutions that tick all the boxes is very much a work in progress. Don't tell anyone, but the trick is not to wait for better investment options, it's to invest now in what you believe is right and then wait for better times. For example, we invested in sustainable carpet when the event and hospitality industry was face down, and now reap the benefits. This attitude defines us. Connecting the right dots is a matter of vision.

6 key areas of investment



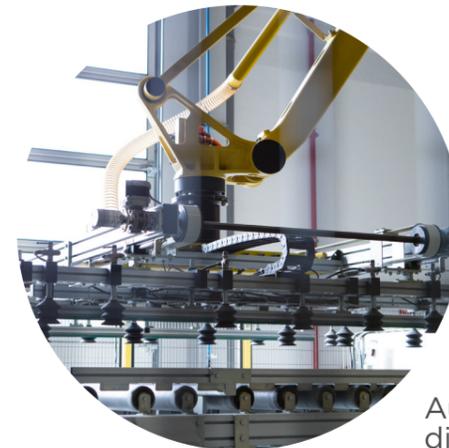
Customers



People



Innovation & sustainability



Automation & digitalization



Machinery & equipment



Facilities

Pick your battles

Our strong market position and healthy balance sheet are an ideal backbone for significant investments. However, strategy is choice. It's better to keep 10 balls gracefully in the air than to try to do the same with 100 balls and seeing several drop to the ground. In other words, we invest primarily in attractive activities where we can really make a difference and are not too proud to stop projects that do not work out the way we anticipated.



Look on the bright side

Inflation, energy prices, customer confidence ... Whine about it or deal with it. We prefer the positive approach and view the recent challenges as opportunities to rethink our value proposition. The main ingredients - or dots, if you want - will be sustainability, innovation, digitalization and, of course, the people to make it happen. These priorities deserve our time and resources.



Pieter-Jan Sonck, Chief Financial Officer

A Group with sound financials ...

Turnover



2.430 million euro



... that's committed to investments with long-term impact.

Investments



73 million euro



Innovation-driven growth

In 2022, innovation became a core activity of B.I.G. A sharpened focus, a strong talent pool and dedicated Innovation Directors for both Flooring and Polymers & Engineered Solutions, supported by a strong, coordinating core team at group level: these are the key elements that will transform and future-proof our company. In addition, with initiatives like Innovation Days and the Innovation Factory, we aim to mobilize as many employees as possible to contribute to our innovation story. The next step is also to ensure that we communicate our successes more frequently and transparently to the outside world.

Why keep if you can expand and transform?



Keep

the (current) business in good shape



Expand

the business by adding incremental products and assets



Transform

the business towards new markets and breakthroughs

Over the past year, we have initiated the shift from 'keep' innovation efforts to expanding and transforming our core businesses. The first few projects have been rolled out, but the real change will essentially happen in 2023. That's one thing to look forward to!



Dedicated teams

We have created dedicated teams for all major innovation projects, such as single-pass printing and recycled polypropylene (rPP). This organizational improvement allows us to maintain a crystal-clear focus for each of our innovations and move forward faster and more efficiently.

Innovation Directors take the lead

In 2021, we appointed 2 Innovation Business Partners, one for Flooring Solutions and one for Polymers & Engineered Solutions, to ensure that our innovation projects resonate on all levels and in all regions of the Group. Last year, we further embedded innovation in the agenda of our business units. The Innovation Business Partners were renamed Innovation Directors, and their roles and responsibilities were further sharpened. Together with the VPs and R&D Managers, they will set our course and drive innovation in the coming years.

Innovation Days

At B.I.G., we believe that innovation should be an open and transparent process. That's why in 2022, we invited external guests to our Innovation Days for the first time. Next year, we are also keen to invite more partners and stakeholders to this event.



Innovation Factory

2022 marked the kickoff of our Innovation Factory. During this internal one-day event, any employee can take the stage and present an innovation project in which he or she was recently involved. In this way, we aim to encourage our employees to share their innovation experiences with the rest of the company and learn from their colleagues. The first edition attracted 50 participants, the second more than 100. In 2023, we plan new Innovation Factories every quarter.



Innovation is everyone's business

Innovation is not simply gathering a few bright minds together in a secluded space. Quite the contrary: to achieve innovations that really make a difference, we need to bring together people from across the Group and from outside B.I.G., let them interact with each other, exchange ideas and spark cross-divisional collaboration.



PoI Lombaert, Group Innovation Director

Intelligent diversification

As a mature and diverse group, B.I.G. can draw on a range of product groups in various sectors and a variety of customers around the world. This has proven to be more useful than ever in 2022. When one of our core industries was having a challenging time, another flourished. Intelligent diversification allowed us to absorb market volatility, grow efficiently in existing and new market segments, and show resilience and agility in our different businesses.

15

Product portfolio

We offer 15 product groups spread over 3 complementary business units.

152

Geographical presence

Although Europe is our home market, we have clients in over 152 countries across the globe.

19.000

Client base

B.I.G. serves almost 19.000 unique customers.

8

Applications

Our 8 core markets are agriculture, automotive, commercial, construction, hygiene, industrial, public and residential.

Exploring new dots for the next B.I.G. thing

Diversification can boost sales, increase internal expertise and open the door to operational synergies, but only when it makes sense. In other words, adding new solutions, regions, clients and industry segments to the mix is not a goal in itself. Sometimes 'no' or 'not now' is the better choice, as was the case with an innovative Needle Felt-based solution for landscaping recently. Research simply showed it would be an uphill battle putting it in the market. Plenty of other projects, however, did make the cut and are currently being shaped into the next B.I.G. thing.



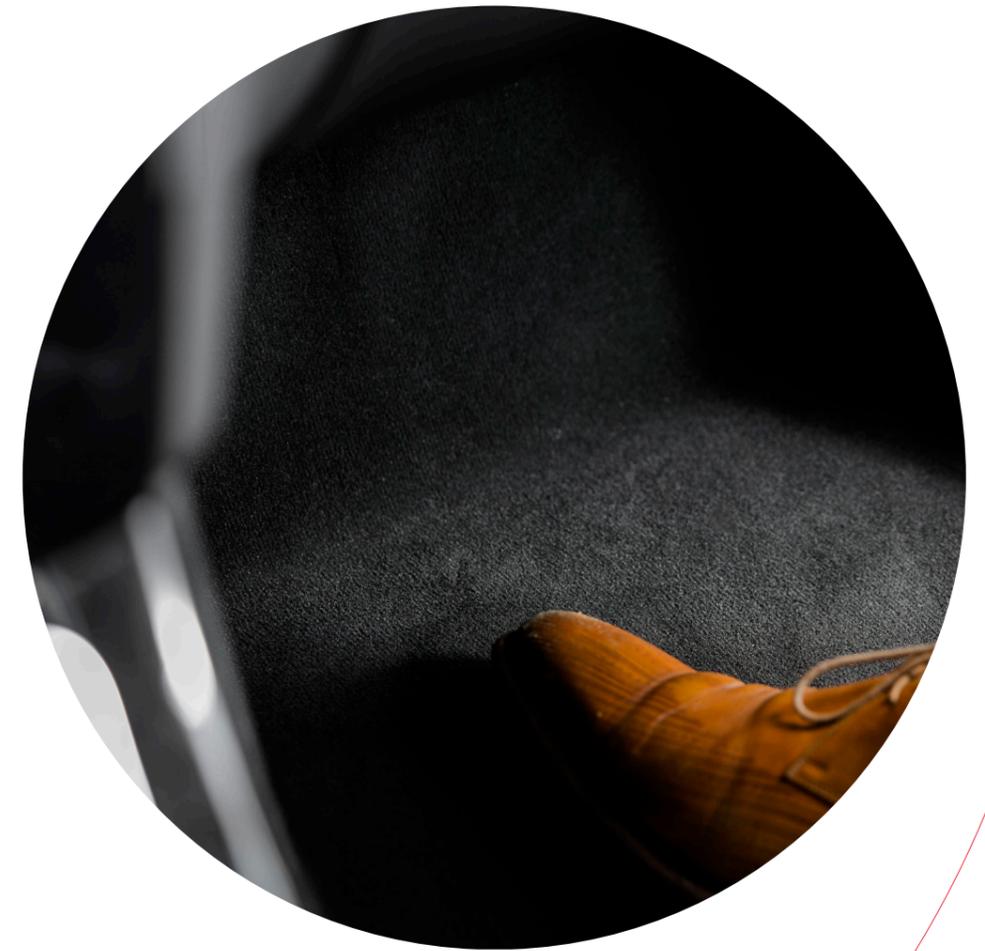
Diversification is a dynamic process

We have to constantly ask ourselves two things: what is the added value for our customers and for our Group? The answers will determine whether we should explore a new activity more closely, or look elsewhere.



Barbara Cool, Strategic Project Analyst

From Artificial Grass for padel, hockey, football and rugby...



... to PET yarns for sustainable automotive interiors.

Intrapreneurial spirit

In the B.I.G. family, every employee gets the opportunity to determine their own path. Do you want to learn new skills? Sure. Ready for a new role? Tell us how we can help. Have a great idea in mind? Let's hear it. Our motto: treat your team like they make a difference and they will. In 2022, we continued on this road and encouraged every single employee to use and further develop their strengths. Personal growth is always a win for the whole family.

Internal mobility

B.I.G. puts talent first

In recent years we have worked hard on our internal mobility policy, and today it is paying off. In the past, we would always look for new employees externally, now we aim to fill positions internally, which we managed for 500 of our people in 2022. Those looking for a new challenge are given every opportunity to make the switch.

Pieter Lelieur, Chief HR Officer

When I mentioned to my manager that I was looking for a new challenge, he recommended that I take a leadership course at CEDEP in Fontainebleau, France. With that experience, I moved to the USA last summer to become Plant Manager of the Cushion Vinyl division at Beauflor USA.

Tim Vanderhaegen,
Plant Manager Beauflor USA

After working as a Payroll Specialist at Headquarters for 3 years, I made the transition to Plant HR Responsible for our Needle Felt division in Kruisem. It's nice to know that B.I.G. has your back when you want to grow, whether that is horizontally or vertically. You are encouraged to step out of your comfort zone and bring out the best in yourself.

Kim Manssens, Plant HR Responsible
BFS Europe

Boosting Internal Growth

What?

A unique training program in collaboration with Vlerick Business School in Ghent, Belgium.

Why?

To let employees discover their talents and passion in a range of areas: from innovation and sustainability to finance and leadership.

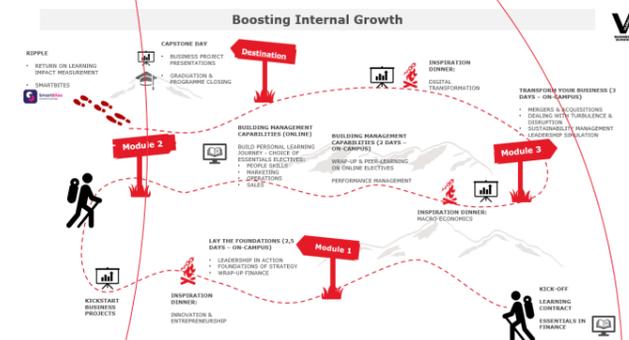
Who?

100 enthusiastic colleagues, divided into 4 groups.

When?

During a compelling 10-month period with online and live sessions.

Boosting Internal Growth



Learning never stops

Boosting Internal Growth is a perfect example of our commitment to pursue a talent-first approach, even in difficult times. It's an excellent opportunity for participants to gain a deeper understanding of other areas of the business and actively contribute to the development of our organization. The program is anything but a free lunch. On the contrary: we offer our colleagues this unique chance, but we also expect the participants to grasp it with both hands.

Vanessa Dutrieue,
Talent Development & Learning Director

Integrated workstreams

After a couple of turbulent years, global supply chains are slowly recovering, but they're far from what they used to be. Fortunately, B.I.G. can rely on its integrated business model. On the one hand, an unbeatable combination of vertical and horizontal integration enables us to mitigate major supply chain risks and balance local market dynamics. On the other hand, our integrated workstreams pave the way for functional excellence within our organization.

Vertical integration

To ensure that our solutions meet the highest quality standards as well as specific customer needs, we can rely on our 3 business units - Flooring Solutions, Engineered Solutions and Polymers - which together cover a large part of the flooring supply chain.

Horizontal integration

B.I.G. has almost 19.000 customers in 152 countries. When one market temporarily underperforms, there's always another one that is on the rise. Plus, we're constantly looking to add new solutions, facilities, synergies, etc. to our business, all to provide even more value to our clients.

“

The time for change is now

In challenging times, there is a greater need for change. Many companies do not transform until it is already too late, but not us. In 2022, we laid a solid foundation for all of our functional excellence workstreams, so that we can maximize the power of their performance from next year onwards.

”

Danny Van D'huynslager,
Chief Transformation Officer

Turning integration into excellence

We invested a great deal in change management. With the rollout of the various workstreams, our way of working is changing significantly. This also calls for a cultural shift. We now see a shared commitment to work closer together, something that is also anchored in our purpose: Shaping sustainable living, together. The goal for next year is to move forward as one Group on our purpose-led transformation journey, and approach functional excellence in all parts of our organization.



Chapter 03

Governance

Corporate
governance
statement

Board of
Directors

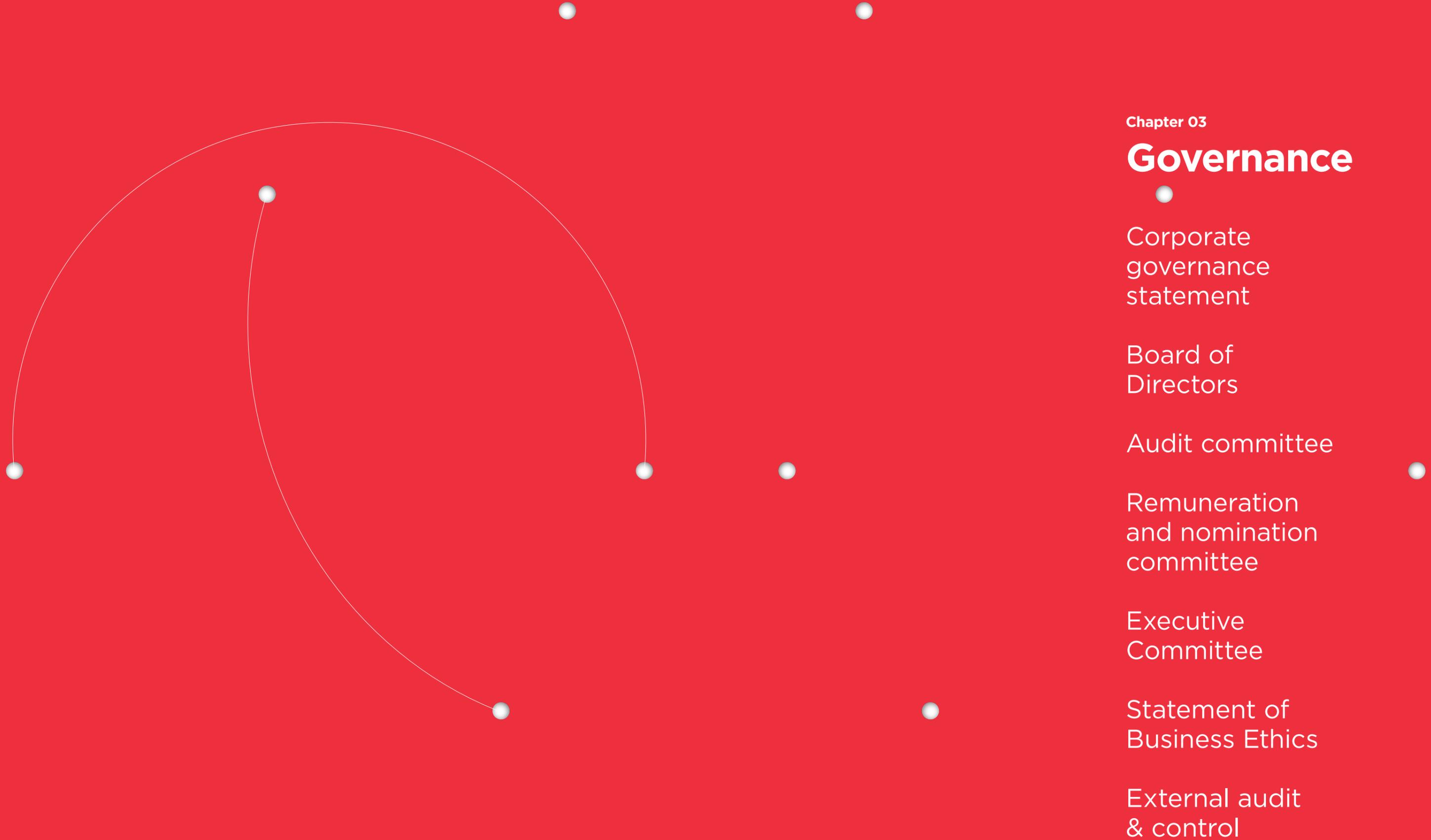
Audit committee

Remuneration
and nomination
committee

Executive
Committee

Statement of
Business Ethics

External audit
& control



Corporate governance statement

The Board of Directors provides a strong governance framework for the Group, recognizing that good corporate governance is an essential component to support management in their delivery of B.I.G.'s strategic objectives. Moreover, a solid governance framework is the starting point to operate a sustainable business for the benefit of all internal and external stakeholders.

It's important to note that the process of identifying, developing and maintaining excellent standards of corporate governance is a continuous and dynamic process. This allows for changes in the Group and its business, the composition of the Board of Directors and other developments to be reflected appropriately.

B.I.G. is committed to the principles of good corporate governance and employs a sound approach to managing and steering the Group in line with the best interests of our internal and external stakeholders. Our management structure and processes are designed to optimize the performance of the Group, while reducing the possible risks and impact of our activities. The operational management of B.I.G. has been delegated by the Board of Directors to the Executive Committee (ExCom).



Board of Directors

Our Board of Directors sets the overall Group strategy, decides on major investments and monitors all corporate activities for the Group. Other duties include:

- providing direction for the Group (vision, mission and goals)
- establishing a policy-based governance system
- controlling the execution of the Group strategy by management
- being a sounding board for management during the execution of the strategy

Towards more balance

In 2019, B.I.G. appointed 4 external directors, all with substantial experience in business operations. They supplement the 4 family representatives in defining the course for our Group during regular meetings. At least once a year, they organize a dedicated session to reflect on the Group's strategy.

The task of the 8 directors is clear: to pinpoint a vision to empower the business and install adequate control mechanisms.

Composition of the Board of Directors (January 2023)



Bart Deconinck
Chairman

Bart Deconinck, a Master in Applied Economics and Master in Accountancy, is an expert in founding, building and operating international businesses, delivering financial and corporate services to a global client base. He has an extensive track record in the start-up and management of international groups, particularly in the domain of mergers and acquisitions. In September 2022, Bart became Chairman of the B.I.G. Board of Directors.



Luc De Clerck
Family representative

Luc De Clerck started his career in 1976 in France after his studies and was the former head of the Berry Floor Group. He has been a B.I.G. Board member since 2005.



Caroline De Clerck
Family representative

Caroline De Clerck holds a Master's degree in Commercial Sciences and has been active in Ideal Group since 2010. She worked in Germany for the automotive division of the Ideal Group and later became its director. In 2021, Caroline De Clerck became a Board member at B.I.G. In September 2022, she joined the remuneration and nomination committee.



Dirk Dees
Family representative

Dirk Dees has a Master's degree in Applied Economic Sciences from Ghent University. He kicked off his career in auditing, and continued his professional path in the ITC and food sector. Dirk has 30 years of experience in the flooring sector as CEO of Belgotex Group. He retired at the end of 2021, but remained active as a non-executive Director at Belgotex Group. From 2005 to 2010, Dirk was the co-CEO of Beaulieu International Group. In September 2022, he joined the Board of Directors.



Barbara De Saedeleer

Barbara De Saedeleer is a Master in Business and Financial Sciences and holds a Degree in Marketing. Her career started in Corporate Banking with Paribas Bank Belgium, after which she became Regional Director Corporate Banking for East Flanders. In 2004, she joined Omega Pharma as Group Treasury Manager. She was appointed CFO of Omega Pharma and Member of the Executive Committee from 2007 until 2016. In 2017, she became Chief Investments and Operations Officer at Ghelamco until March 2021. Since 2021, she has worked as a strategic and financial advisor at executive level in fast-growing companies. She joined the B.I.G. audit committee in 2017 and the remuneration and nomination committee in September 2022. Today, she chairs the audit committee.



Johan Lambrecht

Johan Lambrecht is a doctor in Economics and professor at the KU Leuven. Furthermore, he is director of the Studiecentrum voor Ondernemerschap (SVO) at Odisee Brussels and has written over 300 publications in Belgium and abroad (books, articles in scientific and popular magazines, papers, etc.).



Jan Vander Stichele
Family representative

Jan Vander Stichele, a Master of Science in Electromechanical Engineering, has international experience in operational excellence, innovation, strategic management and sustainability. He is a board member in different companies, ranging from stock-listed companies and federations (Fost Plus) to smaller businesses.



Peter Vandekerckhove

Peter Vandekerckhove worked as the CEO of MeesPierson Group, CEO of BNP Paribas Fortis Retail, Private and Entrepreneur Bank, CEO of Quintet Private Bank, Executive Board member of BNP Paribas Fortis and Board member of AG insurance and BNP Paribas Asset Management. Peter is currently Chair of CapitalAt-Work, Chair of Streekfonds Oost-Vlaanderen, and, since 18 January 2023, non-executive independent Director and Chair of the Board at ING Luxembourg. He joined the B.I.G. Board of Directors in 2019.

Audit committee

The Board of Directors charged the audit committee to assist and advise them on specific matters – a task that is executed according to the audit committee charter.

In this role, the audit committee is overseeing the Group's financial reporting process, its statutory accounts and the audits of the Group's financial statements. Above all, it ensures the consistency and reliability of the Group's accounts and all other financial information submitted to the Board of Directors.

The audit committee therefore meets on a regular basis with its statutory auditor, KPMG, to review and assess the conclusions and observations of the Group's statutory audit.

The audit committee additionally provides oversight of the Group's internal control and risk management process and the activities of the Group's internal audit function.

The internal audit approach at B.I.G. consists of 4 pillars:

- strategic risk assessments
- field location audits
- process audits
- follow-up of audit recommendations from internal and external auditors

Composition of the audit committee (January 2023)



Barbara De Saedeleer,
Chair of the committee



Bart Deconinck

Remuneration and nomination committee

The remuneration and nomination committee prepares the decisions, submits proposals and provides advice and recommendations to the Board of Directors in all remuneration matters for all top-level professionals at B.I.G. The remuneration and nomination committee meets at least 4 times a year and whenever the performance of its duties requires.

The 8 responsibilities of the remuneration and nomination committee:

- #1 Developing a transparent, fair and equilibrated remuneration policy for B.I.G. top-level professionals, that allows B.I.G. to attract, retain and motivate people with the right expertise and experience.
- #2 Establishing comparable remuneration packages per level to facilitate possible rotation of top-level professionals within B.I.G.
- #3 Optimizing the external costs of the remuneration of top-level professionals, in particular by pooling certain employee benefits, insurances, etc.
- #4 Supporting and reinforcing the company's long-term strategic goals in view of the companies' overall economic situation.
- #5 Advising the CEO both on the operations and performance of all executive managers. The CEO, however, isn't present during his/her own evaluation.
- #6 Nominating, for approval by the Board of Directors, candidates to fill vacancies if and when they arise.
- #7 Performing a thorough analysis of the aspects related to succession planning.
- #8 Assisting the Board of Directors in the appointment of the members of executive management upon recommendation by the CEO, unless otherwise decided by the Board of Directors.

Composition of the remuneration and nomination committee (January 2023)

The chairman of the committee, who is appointed by the members, presides over the committee. At least one member of the remuneration and nomination committee is also a member of the Board of Directors.



Jan Vander Stichele



Annie Coppens



Caroline De Clerck



Barbara De Saedeleer

Executive Committee

The Executive Committee is responsible for the day-to-day management of our Group and for implementing and achieving our Group strategy and policies. Its members include the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief HR Officer (CHRO), the Vice Presidents of our Business Units and the Chief Transformation Officer (CTO).

Composition of the Executive Committee (January 2023)



Pol Deturck
Chief Executive Officer



Danny Van D'huynslager
Chief Transformation Officer



Pieter-Jan Sonck
Chief Financial Officer



Wim Coppens
Vice President Flooring Solutions



Pieter Lelieur
Chief HR Officer



Bo Oxfeldt
Vice President Polymers and Engineered Solutions



Statement of Business Ethics

B.I.G. is committed to conducting its business in accordance with all applicable laws, rules and regulations, and the highest ethical standards. This strong commitment is embodied in our Code of Business Conduct and Ethics and our Anti-Bribery Compliance Policy.

Both policies apply to all employees, directors, officers and internal consultants working for entities into which Beaulieu International Group NV has a controlling shareholding – either directly or indirectly. Moreover, all third parties working on behalf of B.I.G., such as agents, distributors and other representatives, are vetted pursuant to the provisions of these policies.

All B.I.G. policies and procedures are accessible by all employees on B.I.G.'s intranet portal. Also, during the on-boarding process, relevant policies and procedures are explained to new employees. B.I.G. is committed to acting with integrity, and in compliance with all applicable national and international anticorruption and anti-bribery laws, including all relevant provisions of the Belgian Criminal Code, and as applicable, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and any other applicable anti-bribery laws in place in the countries in which B.I.G. operates.

The purpose of the Group's Code of Business Conduct and Ethics is to help employees in making ethical and legal decisions when conducting B.I.G.'s business and performing their day-to-day duties. To this end, a web-based training, including a test, was organized for all our white-collar employees.

The Board of Directors is responsible for administering the policies, although it has delegated the day-to-day responsibility to the Group Legal Director. In addition, senior leadership confirms on a yearly basis that the business has been conducted with respect to our policies.

Code of Conduct for Suppliers

This document outlines the standards and key principles on ethical and social behavior, governance, health and safety, and environment with which we expect our suppliers to comply. What's more, we expect our suppliers to demand similarly high standards from their own partners.

Conflicts of interest

Directors and members of the Executive Committee will cherish their independence of judgment at all times and will always act in the best interest of B.I.G. They will also, as much as possible, ensure that they have no conflict of interests.

If a director or a member of the Executive Committee has a direct or indirect conflicting pecuniary interest, the relevant director or member of the Executive Committee will respectively inform the Chairman of the Board of Directors or the CEO of the Executive Committee. He or she will also abstain from participating in discussions of the Board of Directors or the Executive Committee and in the voting process.

As disclosed in the statutory accounts, the Board of Directors applies the procedure defined by article 7:96 of the Belgian Code of Companies and Associations.

External audit and control

In 2020, KPMG was nominated as the statutory auditor for B.I.G. and its subsidiaries as well as for the Group's consolidated accounts. KPMG has issued an unqualified audit opinion on the statutory and consolidated financial statements of B.I.G. NV as of and for the year ended December 31, 2022.

Chapter 04

Financial report



1. Financial review

1.1. Key figures 2022

Beaulieu International Group delivered a robust EBITDA performance in a turbulent 2022. In the first half of the year, we surfed on the success of an exceptional 2021, with double digit EBITDA margin performance and exceptional cash flow generation. Our polymers activities in particular continued navigating through a favorable macro-economic environment. Our other activities performed well too and delivered a good return.

In the second half of the year, we faced a new reality, characterized by historical spikes of inflation in the costs of raw materials, labor, transportation, and energy, putting tremendous pressure on our operational margins. Some of our businesses saw their results squeezed between continuing cost inflation and collapsing residential purchasing power, trickling through most of our markets, and triggering overall lower demand and thus lower sales. This resulted in consolidated sales for the year of 2,4 billion euro and an EBITDA performance of 250 million euro for 2022.

In terms of working capital, a similar pattern is seen throughout 2022: In the first half year, a smooth build-up to accommodate future activity levels. However, as divisions were confronted with less business, trade working capital levels were adapted to this new reality. On top of this, in Q4, our Polymers plants underwent the 6-yearly statutory maintenance shutdown. These aspects led to lower trade working capital levels compared to 2021, contributing positively to our cash flow. On the other hand, capital expenditure levels picked up gradually towards pre-COVID levels. Taking all this into consideration, we were again successful in generating a strong cash flow, reinforcing our net financial cash position, and allowing us to withstand the challenging market environment and further fund our growth strategy.

Today, we see that the economy has not yet fully recovered, and we still face headwinds from macro-economic and geopolitical uncertainties. We know that we have a big challenge ahead of us in 2023. But as a Group, we can brace for these headwinds. We can leverage the very strong cash generation of the past and our solid financial position, and will continue executing our growth strategy.

Pieter-Jan Sonck, Chief Financial Officer

Consolidated key figures

(in mio €)	2022	2021	2020
Income Statement			
Turnover	2.430,5	2.511,1	1.736,8
Operating profit before non-recurring items	195,6	400,5	145,0
EBITDA	249,7	450,8	204,6
EBIT	179,8	378,4	126,7
Net result	120,1	274,5	87,1
Balance Sheet			
Equity	895,0	781,5	881,6
Net cash position	105,8	22,2	198,4
Total assets	1.280,0	1.414,2	1.237,5
Capital expenditure	73,2	56,2	51,0
Working capital	395,2	373,8	284,8
Capital employed	842,4	805,8	719,5
Ratios			
EBITDA on sales	10,3%	18,0%	11,8%
Solvency - Equity ratio	69,9%	55,3%	71,2%
ROCE	21,3%	47,0%	17,6%

Definitions
(non-GAAP measures):

- EBIT = Profit before tax + interests + income from financial assets + non-recurring result
- EBITDA = EBIT + depreciations + write downs on stock/trade receivables + changes in provisions
- Net financial position = cash and cash equivalents - financial debts
- Working capital = inventories + trade receivables + other receivables (long and short term) + deferrals - trade payables - employee benefit obligations & tax payables - other current liabilities - accruals - advance payments
- Capital employed (CE) = working capital + non-current assets
- Solvency - equity ratio = equity / total liabilities

ROCE = EBIT / capital employed (CE) at balance sheet date end of year

1.2. Financial Highlights

Income statement

Our **consolidated sales** for 2022 amount to 2,4 billion euro, representing a decrease of 3% compared to last year. The sales decrease gradually kicked in end of H1 2022 as a direct consequence of the conflict in Ukraine, followed by a highly volatile macro-economic & geopolitical situation. Spiking inflation pushed down purchasing power and triggered overall lower demand. Besides that, in Q4 2022, our two main Polymer plants went into a planned 6-yearly mandatory maintenance shutdown, triggering a further negative volume impact. Across the full year, we saw an overall 12% drop in volumes. This drop was almost fully compensated by the increase in our sales prices. On top of that, we saw a positive contribution in our top line due to the strengthening of our key foreign currencies, (mainly US dollars).

Operating result of the Group before non-recurring items amounted to 195,6 million versus 400,5 million last year. 2022 was a challenging year with different dynamics in H1 and H2. During the first half year we surfed on the exceptional performance of 2021, before gradually moving into a volatile and uncertain second half year, putting our margins under pressure, but still ending the year with a robust operating profit of 8% on turnover.

Where Polymers experienced a delayed impact of the margin pressure, Engineered and Flooring Solutions saw an immediate impact on their margins as from mid 2022, and needed to act quicker in safeguarding the bottom line. Being highly present in the residential segment, their exposure to inflation and its impact on consumer purchasing power increased significantly. Through targeted actions we managed to face the headwinds coming from:

- persistent inflation, directly increasing our cost-base structure: raw materials, labor, transportation, and energy costs
- lower purchasing power, triggering overall lower demand mainly in businesses exposed to residential

We successfully raised our sales prices but faced a lagging effect in fully offsetting the unprecedented increase of our cost base, resulting in a decrease in our operational margins.

Overall, our operational costs increased by 5,9%:

- Purchases increased by 50,8 million. In relative terms this implies an increase of 3% reflecting the increase in our raw materials prices mainly in Europe, while our US operations saw a more moderate increase.
- Services & other goods expenses increased by 72,4 million, reflecting the overall inflation in energy, transport, and other costs, following the volatile macro-economic and geopolitical environment.
- Remuneration expenses went up by 22,6 million, in relative terms 9%, driven by the overall inflation on salaries.
- The depreciation on our (in)tangible fixed assets remained stable at 64,2 million in 2022.

- Other operating income increased by 19,7 million, mainly related to insurance compensation for Ida, the 2021 US hurricane.

The **non-recurring result** had a net impact of 1,6 million. The operational non-recurring costs relate mainly to the closure of the Tuft activities in Europe (32,1 million euro) and the impairment of goodwill related to the Russian subsidiaries (6,2 million euro).

The financial non-recurring result is driven by positive exchange results on intra-group dividend distributions of 33,1 million euro and the reversal of an impairment write-down on financial fixed assets of 15,8 million euro.

Interest and other debt related expenses amounted to 5,1 million, an increase of 1,7 million, mainly due to the higher interest costs on our lower cash position during the year versus 2021.

Income taxes amount to 57,7 million, 33 million lower than last year and fully driven by the lower operational result.

Net result of the year 2022 totaling 120,1 million, down by 154 million compared to 2021.

Consolidated balance sheet

The total balance sheet on December 31st, 2022, amounts to 1.280,0 million compared to 1.414,2 million at the end of 2021.

Tangible and intangible fixed assets (including goodwill) at the end of 2022 amounted to 429,3 million compared to 430,2 million at the end of 2021. All Group companies together invested 73,2 million in (in)tangible fixed assets in 2022.

Total working capital increased towards 395,2 million at the end of 2022 compared to 373,8 million at the end of 2021. The increase is fully driven by the lower income tax payable position at year end compared to 2021. As such, in relative terms our total working capital increased from 14,9% on sales end 2021 to 16,3% end 2022. Excluding our income tax payable position, trade working capital decreased. This improvement in absolute terms is mainly caused by lower inventory levels and is in line with the market dynamics and lower operational activities of Q4 2022. In relative terms, trade working capital excluding income taxes reduced slightly to 15,7%.

As a result, our net financial cash position increased from 22,2 million at the end of 2021 to 105,8 million at the end of 2022, of which 35,5 million is cash held by our Russian subsidiaries which is subject to distribution limitation and restrictions imposed by local legislation.

The contribution in the total balance sheet of the Russian subsidiaries amounts to 139,6 million euro. Because of the ongoing conflict between

Ukraine and Russia, an impairment test was performed at year end. Based on the outcome of this assessment, the carrying amount of the consolidation goodwill was impaired at a level of 6,2 million. Knowing the uncertain evolutions of the stand-alone Russian subsidiaries, there is no reason to amend these consolidated accounts as per December 31st 2022.

We remain in an unleveraged position and have ample liquidity headroom to further invest and support our growth strategy. Our shareholders' equity increased by 113,5 million towards 895,0 million at the end of 2022. The positive contribution to our equity primarily consists of our net result of 112,8 million (share of the Group) together with a positive impact from the currency translation adjustment for an amount of 3,1 million.

Consolidated cash flow

In 2022, we generated a positive consolidated free cash flow of 108,4 million, continuing our strong focus on cash management and liquidity maintenance. A robust EBITDA of 249,7 million was the main driver of this cash generation.

Next to that, the total working capital increase in 2022 was 21,4 million, driven entirely by a lower income tax payable position of 58,3 million. With respect to our trade working capital, we were able to free up an amount of around 36,9 million in 2022, driven by lower inventory levels following lower activity levels in Q4. Furthermore, the statutory plant shutdowns in our Polymer plants also pushed our working capital levels lower at year end.

Capital expenditures for the year 2022 amount to 73,2 million, gradually increasing back to our pre-COVID levels. Besides the ongoing upkeep investments needed, the focus lies on strategic investments for operational efficiency, organic growth, sustainability, and digitalization.

Our solid financial performance in 2022 returned a cash balance on hand of 162,0 million at the end of 2022. The increase of our equity, together with the lower short-term liabilities, have boosted the solvency ratio back to 69,9% from 55,3% in 2021.

Segment information

Polymers

Last year's exceptional performance could not be fully matched. 2022 operational results came down gradually, driven by lower demand. In Q4, our two Polypropylene facilities underwent their 6-yearly statutory maintenance shutdowns.

- In North America, the very favorable market environment in the US brought our Polymers to a record H1 performance. While in H2, the market demand softened significantly.
- In Europe, demand and margin came gradually under pressure in H1 caused by the very high price levels combined with the uncertain geo-political situation, cheaper imports hitting Europe, and reduced customer demand further downstream.
- Statutory maintenance shutdowns in H2 in both Polypropylene plants had a negative impact on the volumes.
- The historical, exceptionally high price level of last year also dropped gradually by year end. The year-on-year Polypropylene price index decreased by 22% in the US.

Engineered Solutions

A very different situation in 2022 compared to a very strong 2021: operational results down in a turbulent macro-economic environment

- First months of 2022 surfing on the dynamics of 2021. Demand gradually weakened during H1, while in H2 demand was very low in all segments.
- Margins squeezed between reduced demand, on the one hand, and on the other hand, the unseen inflation of our cost base, especially on energy and labor, which could not be fully passed on to the sales prices.
- Long-term strategic measures and increased focus on operational excellence improved yields, but not sufficiently to compensate for the impact of the macro-economic disruption.
- Overall, the full year 2022 resulted in a very significant margin drop.

Flooring Solutions

Profitability largely impacted by, on the one hand, overall lower demand in relation to the lower purchasing power at our end customers following the high inflation and, on the other hand, unprecedented inflation of the cost base driving our margins down.

- Topline growth driven mainly by higher sales prices installed to offset soaring raw material prices, labor & energy costs.
- Spiking inflation cooled down the residential market putting purchasing power under pressure, resulting in overall lower demand trickling through most European flooring divisions.
- Demand in H1 was still strong, but weakened in H2.
- Despite increased sales in the Event and Contract business, we see an overall volume drop driven by lower sales in the residential sales segment.
- Successful actions to transfer cost-price increase to sales prices, but lagging effect impacting margins significantly.

1.3. Outlook

We expect the uncertain global economic environment to continue and as such will feel its impact on the financial performance of 2023. We stay focused, are planning our business cautiously, and remain agile and responsive to some key macro-economic evolutions:

- Overall evolution of the global economy and the impact of 'global players'
- Market conditions in our key segments, especially in the polypropylene market, but also in PVC, latex, ...
- Impact of world trends regarding circularity and sustainability
- Positioning of the Euro against US Dollar, Russian Ruble, and British Pound.

The conflict in Ukraine will still have an impact on the Company's operational and financial performance, but future developments are unpredictable. The Company will continue to analyze the potential impacts and align its operational activities as necessary.

We will face the challenges of 2023 and remain confident in executing our growth ambitions. The financial strength of the Group and access to credit facilities will enable us to pursue our internal and external growth strategy.

1.4. Consolidated income statement

Note for the reader: The official BGAAP income statement has been presented to bring it more in line with the Group's internal management reporting by clustering items of income and expenses according to their nature.

As a result, all non-recurring income and expenses (both operating and financial) are presented under a separate heading. In addition, operating income line item 'Changes in inventories of finished goods and work in progress' (-41,7 million euro) has been presented under 'Changes in inventory, trade goods, finished goods and work in progress'; operating income line items 'fixed assets - own construction' (6,1 million euro) has been presented under 'other operating income'.

In thousand EUR	2022	2021
Turnover	2.430.477	2.511.145
Raw materials, consumables and trade goods	-1.465.766	-1.624.367
Changes in inventory	-48.162	161.207
Services and other goods	-408.884	-336.483
Remuneration, social sec. costs and pensions	-283.997	-261.402
Depreciations	-64.227	-66.948
Write downs stock and trade debtors	-878	-363
Provisions for liabilities and charges	-804	-1.074
Other operating income	50.811	31.057
Other operating expenses	-12.932	-12.273
Operating profit before non-recurring items	195.638	400.499
Interest and other debt expenses	-5.122	-3.401
Income from financial assets	1.521	1.623
Depreciation goodwill	-4.025	-4.055
Other financial income	32.123	38.829
Other financial expense	-43.923	-56.912
Financial result before non-recurring items	-19.425	-23.916
Non-recurring operating income and expense	-44.574	-6.999
Non-recurring financial income and expense	46.192	-4.328
Non-recurring results	1.619	-11.326
Profit before taxes	177.832	365.257
Income taxes (current and deferred)	-57.731	-90.776
Result for the period	120.100	274.481
Result for the period: attributable to	120.100	274.481
Share of the group	112.823	264.468
Share of non-controlling interest	7.277	10.013

Additional information with regards to non-GAAP measures (EBIT and EBITDA):

In thousand EUR	2022	2021
Profit before taxes	177.832	365.257
+ Interest and other debt expenses	5.122	3.401
+ Income from financial assets	-1.521	-1.623
+ Non-recurring operating income and expenses	44.574	6.999
+ Non-recurring financial income and expenses	-46.192	4.328
EBIT	179.814	378.361
+ Depreciations	64.227	66.948
+ Depreciation goodwill	4.025	4.055
+ Write downs stock and trade debtors	878	363
+ Provisions for liabilities and charges	804	1.074
EBITDA	249.749	450.801

1.5. Consolidated balance sheet

In thousand EUR	2022	2021
Goodwill and intangible fixed assets	22.271	27.890
Tangible fixed assets	407.001	402.292
Financial fixed assets	18.003	1.774
Total fixed assets	447.274	431.957
Inventories	361.083	415.750
Trade receivables	260.865	325.368
Other receivables	29.414	15.764
Cash and cash equivalents	161.987	202.913
Deferred expenses and accrued income	19.419	22.445
Total current assets	832.769	982.240
TOTAL ASSETS	1.280.044	1.414.197
In thousand EUR	2022	2021
Share capital	227.002	227.002
Retained earnings and reserves	686.234	575.766
Translation differences	-18.188	-21.260
Total equity	895.048	781.508
Non-controlling interest	8.854	11.162
Provisions for liabilities	29.276	16.380
Deferred taxes	14.672	18.492
Total provisions and deferred taxes	43.948	34.871
Financial debts	11.679	11.693
Other non-current liabilities	425	425
Total non-current liabilities	12.104	12.118
Financial debts	44.462	169.012
Trade payables	195.779	290.817
Employee benefit obligations and tax payables	58.043	96.186
Other current liabilities	3.251	2.598
Accrued charges and deferred income	18.554	15.924
Total current liabilities	320.089	574.537
TOTAL LIABILITIES	1.280.044	1.414.197

1.6. Consolidated cash flow

In thousand EUR	2022	2021
Net result	120.100	274.481
Non-cash movements	61.719	79.306
Increase(-) / decrease (+) in working capital	-15.931	-80.943
Cash flow from operating activities	165.888	272.844
Additions of (in)tangible fixed assets (-)	-73.191	-56.168
Disposals of (in)tangible fixed assets (+)	8.747	3.209
Scope change (acquisitions, divestments and other investments)	6.980	0
Cash flow from investing/divesting activities	-57.465	-52.959
Consolidated free cash flow	108.423	219.885
Dividends received / paid (+/-)	-13.091	-407.332
Net debt movements	-126.463	119.177
Cash flow from financing activities	-139.554	-288.155
Net change in cash and cash equivalents	-31.130	-68.270
Cash and cash equivalents at the beginning of the year	202.913	253.662
Conversion difference on net cash	-9.795	17.450
Cash and cash equivalents at the end of the year	161.987	202.913

2. Notes on the selected financial information

2.1. General

Beaulieu International Group NV (the “Company” or “Group”) has its headquarters in Belgium. The Company’s registered office is at Kalkhoevestraat 16, 8790 Waregem with registration number 0442.824.497. The total consolidated equity of the Company is 895,0 million in 2022 compared to 781,5 million euro in 2021. This includes a share capital of 227 million euro, represented by 774.133 capital shares. The consolidated financial statements for the period beginning on January 1st, 2022, and ending on December 31st, 2022, from which the selected financial information has been derived, are subject to approval by the Shareholders meeting of the Company on May 23rd, 2023.

2.2. Basis of accounting

The consolidated financial statements have been prepared in accordance with BGAAP, the Belgian Generally Accepted Accounting Principles. According to BGAAP, the historical cost principle is applied as measurement basis and the accounting policies have been applied consistently from year to year.

2.3. Functional and presentation currency

The consolidated financial statements are presented in euros, which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

According to BGAAP, the historical cost principle is applied as measurement basis and the accounting policies have been applied consistently from year to year.

2.4. Use of judgements and estimates

In preparing the consolidated financial statements, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

2.5. Significant accounting policies

2.5.1. Foreign currencies

Foreign currency translation

Each Group entity reports in its individual functional currency, i.e., the currency of the economic environment in which the entity operates. Therefore, the financial statements of foreign subsidiaries, with a financial currency different from euro (USD, AUD, CAD, RUB, NOK, etc.), need to be converted in euro, as follows:

- Assets and liabilities, except for shareholders’ equity, are translated at the official closing rate at the end of the period;
- Income and expenses are converted at an average rate for the year;
- Shareholders’ equity items are carried at their historical rates.

Translation gains and losses resulting from the difference between the average rates and the closing rates at the end of the year/period are incorporated in the shareholders’ equity under the heading “translation differences”.

Foreign currency transactions

Foreign currency transactions (amounts receivable and payable in foreign currencies) are recognized in the functional currency of each entity at a certain exchange rate during a certain period (i.e., different from the functional currency of the Company). The exchange rate is applicable at the transaction date, meaning the date when the actual transaction is recognized.

Gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets (see foreign currency translation) are reported in the income statement as a financial result.

Foreign currency gain and losses on intra-group dividends are recognized through the income statement, in the non-recurring financial result.

2.5.2. Goodwill

The definition of goodwill entails the positive difference between the purchase price of a new participating interest and the net book value of the net assets obtained upon the acquisition. The positive consolidation differences prior to 2022 are amortized on a straight-line basis over a 10-year period. As from 2022, positive consolidation differences are amortized over 5 years. Positive consolidation differences are subject to impairment reviews, in alignment with macro-economic, geopolitical evolutions or based on technological developments.

2.5.3. Intangible fixed assets

Intangible fixed assets comprise development costs; concessions, patents, licenses, know-how, trademarks and other similar rights; advance payments in respect of intangible fixed assets. The intangible assets are measured at acquisition cost. Intangible assets are amortized over their useful estimated economic life. Depreciation charges are calculated on a straight-line basis. Annual depreciation rates for intangible assets are as follows:

- Development costs of R&D projects: 20%
- Hardware & software: 15%
- Patents, licenses and other similar rights: useful life of the asset

An impairment loss will be recorded if the carrying amount of the intangible asset surpasses its recoverable amount.

2.5.4. Tangible fixed assets

The tangible fixed assets are carried at a cost less than any accumulated depreciation. Costs include all direct costs and costs incurred to bring the asset to its working conditions. On the other hand, borrowing costs (i.e., interest) are not included in the acquisition cost of the tangible fixed assets.

Tangible assets with a limited useful life are reduced to their estimated residual value by the systematic allocation of depreciation over the asset's useful life. The depreciation percentages are calculated on a straight-line basis. The Group has determined appropriate annual depreciation rules per type of asset. Annual depreciation rates for tangible fixed assets:

- Land: 0%
- Buildings: 5%
- Plant, machinery and equipment: 10%-20%
- Rail cars: 4%
- Vehicles and furniture: 10%-20%
- Assets under construction & advance payments 0%

Extraordinary depreciations are recorded under tangible fixed assets when, for economical or technical reasons, the carrying value is higher than the useful value of the asset for the Company.

2.5.5. Inventories

Inventories are measured at the lower of cost and net realizable value ("LO-COM") at balance sheet date. In determining the cost, the FIFO principle is used (First-In, First-Out). For manufactured inventories, cost means the full cost, including direct and indirect production costs.

The net realizable value is equal to the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.5.6. Trade receivables

Trade receivables are measured at amortized cost, less the appropriate impairments for the unrecoverable amounts. At each reporting date, the Group assesses whether receivables exist that need to be impaired. A trade receivable is impaired if it is possible that the entity will not, or will only partially, collect the amounts due.

2.5.7. Amounts payable within one year

The amount payables are recorded at amortized cost.

2.5.8. Deferred income/charges & accrued income/charges

Accruals and deferrals are used to assign income and charges to a correct period, i.e., the period to which the accrual and deferral refers. For instance, it comprises prepaid/accrued interests, rent, insurance premiums, commercial entrance fees, fair fees, etc.

2.5.9. Deferred taxes

Deferred taxes are the amount of income tax recoverable or payable in future periods. Furthermore, the Group does not recognize deferred tax assets in accordance with the prudence principle from BGAAP.

2.5.10. Provisions for liabilities and charges

Provisions are recognized if the following three conditions are met:

- It has a current legal or constructive obligation as a result of a past event;
- It is possible that an outflow of resources will be required to settle the obligation;
- A reliable estimate can be made of the amount that potentially has to be paid.

2.5.11. Revenue recognition

Revenue represents the net amounts invoiced to external customers for goods and services, excluding value added and sales taxes, and after deducting any volume discounts and rebates.

In case the customer has a right of return (e.g., buy back obligation in case of inadequate sales to end customer), adequate provisions for the estimated (future) costs involved should be accounted for (e.g., based on historical data).

2.5.12. Non-recurring income & expenses

Income and expenses that are not related to the ordinary course of operations or business are classified as non-recurring income and expenses in the consolidated income statement. Income and expenses to which this classification applies are (non-exhaustive):

- Operating revenues, expenses and provisions related to restructuring activities and material reorganization events;
- Impairments on exceptional write downs on (in)angible assets and goodwill;
- Income from the sale of land or business divisions;
- Revenues or charges (penalties) due to important (inter)national legal issues;
- Costs of advisory fees in relation to acquisitions or divestments.

2.5.13. Non-controlling interest

Non-controlling interest are the shares of minority or non-controlling shareholders in the equity of subsidiaries, which are not fully owned by the Company.

3.4. Turnover By Segment

In thousand EUR	Consolidated third party sales	Consolidated sales
Polymers	925.594	1.046.028
Engineered Solutions	365.542	421.803
Flooring Solutions	1.113.826	1.113.808
Other	25.515	20.474
Intersegment	-	-171.636
CONSOLIDATED	2.430.477	2.430.477
TURNOVER 2022		

In thousand EUR	Consolidated third party sales	Consolidated sales
Polymers	1.110.428	1.243.536
Engineered Solutions	402.136	453.648
Flooring Solutions	976.156	977.633
Other	22.425	19.294
Intersegment	-	-182.966
CONSOLIDATED	2.511.145	2.511.145
TURNOVER 2021		

3.5. Balance sheet items

3.5.1. Goodwill & intangibles

In thousand EUR	R&D	Concessions, patents and similar rights	Goodwill	Assets under construction	Consolidation Goodwill	Other	Total intangible fixed assets
Acquisition value							
Balance on 1 January 2021	18.041	81.526	1.528	0	107.303	4	208.402
Additions	998	3.555					4.553
Disposals and retirements (-)		168			0		168
Transfer to other asset categories		1.745					1.745
Effect of foreign currency exchange differences (+/-)		2.197					2.197
Other movements							0
Balance on 31 December 2021	19.039	88.855	1.528	0	107.303	4	216.729
Additions	910	4.082	0				4.993
Disposals and retirements (-)	0	741	0				741
Transfer to other asset categories	0	940	0				940
Effect of foreign currency exchange differences (+/-)	0	1.316	-3				1.313
Other movements			182		4.970		5.152
Balance on 31 December 2022	19.949	94.452	1.707	0	112.273	4	228.385
Accumulated depreciation and impairment losses							
Balance on 1 January 2021	15.573	69.365	1.336	0	90.054	0	176.328
Depreciations recorded	1.316	5.222	57		4.055	4	10.654
Disposals and retirements (-)		168			0		168
Transfer to other asset categories							0
Effect of foreign currency exchange differences (+/-)		2.028	-2				2.026
Other movements							0
Balance on 31 December 2021	16.888	76.447	1.390	0	94.110	4	188.839
Depreciations recorded	1.130	5.191	237		4.025		10.583
Disposals and retirements (-)		741					741
Transfer to other asset categories		0					0
Effect of foreign currency exchange differences (+/-)		1.194	-3				1.191
Other movements					6.243		6.243
Balance on 31 December 2022	18.018	82.091	1.624	0	104.378	4	206.115
Carrying amount							
Balance on 31 December 2021	2.151	12.408	138	0	13.193	0	27.890
Balance on 31 December 2022	1.930	12.361	83	0	7.895	0	22.271

In 2022, the carrying amount of intangible fixed assets decreased by 5.6 million euro to 22 million euro. The decrease in consolidation goodwill is the main element; the effect of depreciations and impairment is partially offset by a new consolidation goodwill linked to an acquisition.

3.5.2. Tangible Assets

In thousand EUR	Land & buildings	Plant machinery & equipment	Furniture & vehicles	Leasing, oth. similar rights	Oth. tangible assets	Assets under construction	Total tangible fixed assets
Acquisition value							
Balance on 1 January 2021	369.101	1.172.685	65.107	310	6.590	14.583	1.628.376
Additions	4.901	10.927	2.256		305	33.148	51.537
Disposals and retirements (-)	1.488	13.478	719	151	9	7	15.853
Transfer to other asset categories	5.829	14.529	1.022		0	-23.126	-1.746
Effect of foreign currency exchange differences (+/-)	10.712	24.089	2.577	2	0	677	38.058
Other movements							0
Balance on 31 December 2021	389.055	1.208.752	70.243	161	6.887	25.275	1.700.373
Additions	3.343	18.181	3.101	0	103	43.505	68.233
Disposals and retirements (-)	12.791	74.077	4.769	109	58	740	92.544
Transfer to other asset categories	4.374	27.619	1.169	0	-4	-34.098	-940
Effect of foreign currency exchange differences (+/-)	4.921	13.135	1.453	-3	-1	645	20.150
Other movements		2.567		434			3.001
Balance on 31 December 2022	388.902	1.196.176	71.198	482	6.927	34.587	1.698.273
Accumulated depreciation and impairment losses							
Balance on 1 January 2021	220.640	955.479	48.459	241	2.770	2	1.227.591
Depreciations recorded	10.968	44.277	4.632	31	537		60.445
Disposals and retirements (-)	526	12.974	672	122	6		14.300
Transfer to other asset categories	-1	1	1	0	0		1
Effect of foreign currency exchange differences (+/-)	4.212	18.549	1.580	2	0		24.343
Other movements							0
Balance on 31 December 2021	235.294	1.005.332	54.000	151	3.301	2,000	1.298.080
Depreciations recorded	9.525	46.247	4.348	127	530	0	60.777
Disposals and retirements (-)	4.948	74.033	4.072	226	28		83.307
Transfer to other asset categories	0	0	0	0	0		0
Effect of foreign currency exchange differences (+/-)	1.515	13.119	1.087	3	-1	0	15.723
Other movements							0
Balance on 31 December 2022	241.385	990.664	55.362	56	3.803	2,329	1.291.272
Carrying amount							
Balance on 31 December 2021	153.762	203.420	16.243	10	3.585,700	25.273	402.293
Balance on 31 December 2022	147.517	205.512	15.836	427	3.125	34.584	407.001

In 2022, the tangible fixed assets carrying amount increased by 4,7 million euro due to a higher investment level compared to the investments level in the year 2021. Assets under construction increased to 34,6 million euro, the result of strategic investments in future-proof growth projects, sustainability, and improvements in operational efficiencies.

3.5.3. Trade & other receivables

In thousand EUR	2022	2021
Trade receivables	241.832	306.171
Bills receivable	993	2.119
Income receivable	4.906	5.573
Advance payments	13.510	11.722
Write down / Advance payments (-)	-278	-286
Doubtful receivables	16.654	13.441
Write down / Doubtful receivables (-)	-16.753	-13.371
Total trade receivables	260.865	325.368
Other amounts receivable more than 1 year	451	130
Other amounts receivable within 1 year	28.963	15.633
Total other amounts receivable	29.414	15.764
Total	290.279	341.132

The carrying amount of our trade & other receivables decreased by 15% or 51,2 million euro in 2022. This is in line with the evolution of the operational activities of Q4 2022, requiring lower working capital consumption.

3.5.4. Statement changes in equity

In thousand EUR	Capital	Reserves	Translation differences	Total equity
Balance on 1 January 2021	227.002	575.766	-56.588	781.508
Profit of the period		264.468		264.468
Change in translation differences			35.328	35.328
Dividends		-400.000		-400.000
Changes in consolidation scope				0
Other movements		150		150
Balance on 31 December 2021	227.002	575.766	-21.260	781.508
Profit of the period		112.823		112.823
Change in translation differences			3.072	3.072
Dividends		-2.836		-2.836
Changes in consolidation scope				0
Other movements		481		481
Balance on 31 January 2022	227.002	686.234	-18.188	895.048

3.5.5. Provision for liabilities and charges

In thousand EUR	2022	2021
Pensions and similar obligations	4.565	4.540
Taxes	6.696	5.851
Major repairs and maintenance	774	0
Environmental liabilities	1.272	1.272
Other liabilities and charges	15.968	4.717
Provisions for liabilities	29.276	16.380

The overall provisions increased by 2,6 million euro in 2021. An addition of 0,9 million euro in the category “Environmental liabilities” and an increase of 1.6 million euro in “Taxes”.

3.5.6. Financial debt

In thousand EUR	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Leasing and similar obligations		18	0	18
Credit institutions	169.012	11.594	0	180.606
Other loans		81	0	81
Balance on 31 December 2021	169.012	11.693	0	180.705
Leasing and similar obligations		76		76
Credit institutions	44.462	11.576		56.038
Other loans		27		27
Balance on 31 December 2022	44.462	11.679	0	56.141

The total financial debt decreased by 124,6 million euro in 2022 compared to 2021, due to repayments of short-term credit lines.

3.5.7. Trade and other payables

In thousand EUR	2022	2021
Trade payables	195.779	290.817
Trade payables	195.779	290.817
Remuneration and social security costs	47.304	43.336
Taxes & VAT payable	10.739	52.850
Employee benefit obligations and tax payables	58.043	96.186
Other non-current liabilities	425	425
Other current liabilities	3.251	2.598
Other liabilities	3.676	3.024
Total	257.498	390.027

In 2022, the total trade and other payables decreased by 132,5 million euro to the total level of 257,5 million euro. The main drivers are trade payables (decrease of 95,0 million euro), and taxes & VAT payables (decrease of 42,1 million euro).

3.5.8. Non-Recurring income and expenses

In thousand EUR	2022	2021
Non-recurring operating income	11.983	3.120
Reversal of depreciation and impairments of (in)tangible fixed assets	591	-
Reversal of provisions for extraordinary liabilities and charges	-	-
Gains on disposal of intangible and tangible fixed assets	6.540	2.195
Other non-recurring operating income	4.853	925
Non-recurring operational charges	56.557	10.121
Depreciation and amortisation of (in)tangible fixed assets	6.351	92
Provisions for extraordinary liabilities and charges (additions)	12.252	699
Losses on realisation of intangible and tangible fixed assets	3.166	780
Other non recurring operational charges	34.787	8.550
Non-recurring financial income	50.541	-
Gains on disposal of financial fixed assets	15.800	-
Other non-recurring financial income	34.741	-
Non-recurring financial charges	4.348	4.327
Gains on disposal of financial fixed assets	0	-0
Other non-recurring financial income	4.348	4.327
Total	1.619	-11.327

The non-recurring result had a net impact of 1,6 million. The operational non-recurring costs relate mainly to restructuring events, whereas the financial non-recurring profit is driven by positive exchange results on intra-Group dividend distributions and the revaluation of financial fixed assets.

3.5.9. Deferred and income tax

In thousand EUR	2022	2021
Deferred taxes	4.441	-4.262
Income taxes	-62.173	-86.514
Income taxes	-63.134	-88.434
Adjustments of income taxes and WB of tax provisions	961	1.920
Total	-57.731	-90.776

Our tax cost decreased by 33,0 million euro in 2022, reflecting the lower operational result.

3.6. Risks, uncertainties and contingencies

Like any other company, the Group is exposed to market operational and financial risks that affect its assets and liabilities. The main market risks that the Group faces relate to variations in exchange rates (currency risk), interest rates, the accessibility of funds to operate (liquidity risk), the risk of default (credit risk) by third parties and variations in commodity prices (commodity risk). These risks are mitigated by business controls, organizational structure, management methods, and internal control systems of the Group. The Group mainly hedges the risks that affect the Group's cash flow.

3.6.1. Exchange rate risk (currency risk)

Due to international operations performed by the different affiliates, the Group is subject to exchange rate risk. It is exposed to both translational and transactional foreign exchange risk.

A translational currency risk arises when the financials of the foreign subsidiaries are converted into the Group's presentation currency, the Euro. The main currencies are US Dollar, Canadian Dollar, Australian Dollar, Russian Ruble, and Norwegian Kroner. Since there is no impact on the cash flows, the Group normally does not hedge against such risk.

The Group is further exposed to transactional currency exposure resulting from its investing (acquisitions, dividend payments), financing (financial liabilities in foreign currency), and operating activities (commercial activities with sales and purchases in foreign currencies):

- Currency risk resulting from investing activities is hedged if material exposure arises.
- It is the Group's policy that each entity needs to be financed in its functional currency. Any currency risk resulting from financing activities should therefore be fully hedged if the market situation allows.

For the currency risk resulting from commercial activities, the Group has a hedging policy in place whereby the following principles apply: firm commitments (transactions recorded on the balance sheet) need to be fully hedged, highly probable forecasted exposure (based on sales or purchase orders) needs to be hedged between 75 and 80%.

3.6.2. Interest rate risk

Interest rate risk arises from the fluctuation of short-term and long-term interest rates which may impact the future cashflows of the Group. Given the current debt situation of the Group, the main interest rate risk on debt relates to the Chinese Renminbi denominated debt, which is both short term and at floating interest. The other material debt is denominated in US Dollar of which the long-term portion (51% of the total USD denominated debt) is at fixed rate.

3.6.3. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its short-term financial obligations as they are due. The Group is monitoring these obligations on an ongoing basis. To ensure liquidity and financial flexibility at all times, the Group has several uncommitted short-term credit lines at its disposal in the major currencies (Euro, Russian Ruble, Chinese Renminbi). These facilities are generally of the mixed type and may be used for advances, overdrafts, or discounting. Also, the Group has a committed syndicated credit facility at its disposal of 200 million euro (maturity May 2026) and a 20 million euro Commercial Paper program. No drawdowns were outstanding at year end 2022.

3.6.4. Credit risk

The Group is exposed to credit risk from its operating activities. The Company's bad debt exposure depends on the solvability of its clients, which is consequently dependent on the economic environment in which its customers operate. More than 90% of our outstanding receivables are covered by our external credit insurance agreements. In case the customer is not (sufficiently) insured, the Group uses a credit policy which considers the risk profiles of the customers in terms of the market segment to which they belong. Based on different characteristics (e.g., product sector, geographical area), a credit risk analysis is made of the different customers. An assessment is made regarding the coverage of the existing risk, which is being monitored on an ongoing basis. We believe the risk of non-recoverability to be small in view of the reputation and solvency of our clients, the diversification of our client portfolio, and the constant monitoring of our outstanding receivables.

3.6.5. Commodity risk

Commodity risk is the risk that future income fluctuates due to changes in the price of commodities. The Group's main commodity risks are linked to the price evolution. When possible, the commodity risk is mitigated through contractual agreements with suppliers. For Polymers, the Group is exposed to price fluctuations in the spread between propylene and polypropylene.

3.7. Financial instruments

The Group only enters into financial derivatives in the case of either an underlying transaction or a forecasted exposure. Speculative positions are not allowed. At period end, the mark-to-market of the financial instruments is offset against the revaluation of the underlying transactions. In line with the prudence principle, any remaining unrealized loss is taken into the result, unrealized gains are kept on the balance sheet.

Following table summarizes the situation end 2022:

Instrument	Notional volume	MtoM
FX Forward	53,8 Mio EUR	-0,2 Mio EUR
FX Swap	62,0 Mio EUR	-0,4 Mio EUR

3.8. Commitments

In our Polymers segment, we have significant purchase agreements for our raw materials: Polychim Industrie has an agreement for the annual purchase of minimum 160 thousand tons of propylene until the end of 2023. Pinnacle Polymers has an agreement for the annual purchase of a minimum of 397 thousand tons of propylene until the end of 2029. We have also committed to certain operating leases to finance certain buildings, fleet, rail cars, etc. which are recorded off-balance sheet.

3.9. Key differences between BGAAP and IFRS

Financial statements prepared under the Belgian accounting framework have a mandatory predefined tabular presentation format, which comprises a balance sheet, income statement, and a limited number of disclosure notes. Under BGAAP, the consolidated financial statements do not include a cash flow statement. On the other hand, IFRS requires a complete set of financial statements, i.e., balance sheet, statement of profit or loss and other comprehensive income, statement of changes in equity, cash flow statement, and more extensive disclosure notes than the notes under BGAAP. Furthermore, the classification of certain items within the balance sheet or income statement can vary between BGAAP and IFRS. For instance, under BGAAP, expenses are always presented by nature, whereas under IFRS these could be classified by function.

Leases (from the lessee's perspective)

Under BGAAP, leases must be classified as either finance lease (on-balance) or operating lease (off-balance). A finance lease is deemed to exist when the sum of the minimum lease payments is equal to or greater than the lessor's investment in the leased asset, including related interest and other transaction costs.

IFRS does not make a distinction between finance and operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to finance lease accounting under BGAAP.

Deferred taxes

Under IFRS, deferred tax assets are recognized, but only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unused tax losses and credits can be utilized. Under BGAAP, the Company only recognizes deferred tax assets to the extent of the deferred tax liabilities.

3.10. Auditor's report – KPMG

Beaulieu International Group NV has prepared its consolidated financial statements in compliance with the accounting principles applicable in Belgium ("BGAAP"). The financial information contained within this annual report has been derived from the audited consolidated financial statements of Beaulieu International Group NV for the fiscal year ending 31 December 2022, and supplemented with selected relevant financial information. As the statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Filip De Bock, has issued an unqualified audit opinion on the consolidated financial statements. The audited consolidated financial statements will be filed within one month after the shareholders meeting on May 23rd, 2023, and will be available on the website of the National Bank (www.balanscentrale.be).

3.11. List of entities

Beaulieu International Group entity	Country of incorporation	% of ownership in 2022	% of ownership in 2021	Consolidation method
B.I.G. Finance Australia PTY LTD	Australia	100%	100%	I
B.I.G. Invest Australia PTY LTD	Australia	100%	100%	I
Beaulieu of Australia	Australia	100%	100%	I
Sterling Mill	Australia	100%	100%	I
B.I.G. Coördination Center NV	Belgium	100%	100%	I
B.I.G. Floorcoverings NV	Belgium	100%	100%	I
Beaulieu Fabrics NV	Belgium	100%	100%	I
Beaulieu Fibres International NV	Belgium	100%	100%	I
Beaulieu ICT NV	Belgium	100%	100%	I
Beaulieu Maintenance Services NV	Belgium	100%	100%	I
Beaulieu Technical Textiles NV	Belgium	100%	100%	I
Bercolease NV	Belgium	100%	100%	I
Berry Finance NV	Belgium	100%	100%	I
BerryAlloc NV	Belgium	100%	100%	I
BFS Europe NV	Belgium	100%	100%	I
Burchtdam NV	Belgium	100%	100%	I
Goed Ter Lembeek NV	Belgium	100%	100%	I
Ideal Fibres & Fabrics Wielsbeke NV	Belgium	100%	100%	I
Ideal Floorcoverings Wielsbeke NV	Belgium	100%	100%	I
Interdeko NV	Belgium	100%	100%	I
Oostimmo NV	Belgium	100%	100%	I
Ter Lembeek International NV	Belgium	27,78%	27,78%	A
Tessutica NV	Belgium	100%	100%	I

Beaulieu International Group entity	Country of incorporation	% of ownership in 2022	% of ownership in 2021	Consolidation method
Beaulieu Canada LTD	Canada	100%	100%	I
Beaulieu Fibres & Yarns Weihai Co	China	100%	100%	I
Beaulieu Management Consulting (Shanghai) Co	China	100%	100%	I
Beaulieu Rihzao Floorcoverings Ltd	China	100%	100%	I
Beaulieu Technical Textiles Weihai Ltd. Co	China	100%	100%	I
Ke Lai Materials Testing Technology Shanghai CO LTD	China	100%	100%	I
Shanghai Baoliyou Trading CO LTD	China	100%	100%	I
B.I.G. Floorcoverings France SAS	France	100%	100%	I
Beaulieu Finance France SA	France	100%	100%	I
Berry Wood SAS	France	99,48%	99,48%	I
Distriplast Flandre SAS	France	99,46%	99,46%	I
Ideal Fibres & Fabrics Comines SAS	France	99,48%	99,48%	I
Polychim Industrie SAS	France	99,00%	99,00%	I
Polychim SAS	France	99,00%	99,00%	I
B.I.G. Floorcoverings GMBH	Germany	100%	100%	I
Beaulieu Investment Asia Co Limited	Hong-Kong	100%	100%	I
Tiane Holding LTD	Hong-Kong	100%	100%	I
Beaulieu Fibres International Terni SRL	Italy	100%	100%	I
Beaulieu Immobiliare Italia SRL	Italy	100%	100%	I
B.I.G. Flooring Kazakhstan LLP	Kazakhstan	100%	100%	I
Alloc A.S.	Norway	100%	100%	I
Fiboveien 26 AS	Norway	100%	100%	I
Beaulieu Polska	Poland	100%	100%	I
Tessutica Romania	Romania	100%	100%	I

Beaulieu International Group entity	Country of incorporation	% of ownership in 2022	% of ownership in 2021	Consolidation method
OOO Juteks Russia	Russia	100%	100%	I
Opus TD OOO	Russia	100%	100%	I
Juteks d.o.o. Slovenia	Slovenia	100%	100%	I
Berry Iberica SA	Spain	100%	100%	I
Berry Tuft SAS	Spain	100%	100%	I
Doménech Hermanos	Spain	100%	100%	I
BerryAlloc AB	Sweden	100%	100%	I
Beaulieu Turkey Flooring Trading	Turkey	100%	100%	A
B.I.G. Floorcoverings UK Ltd.	UK	100%	100%	I
B.I.G. Floorin Ukraine	Ukraine	100%	100%	I
Beauflor USA LLC	USA	100%	100%	I
BIG USA Inc	USA	100%	100%	I
BIG USA Real Estate LLC	USA	100%	100%	I
Pinnacle Polymers LLC	USA	95,79%	95,79%	I
Polychim USA Inc	USA	99,00%	99,00%	I
B.I.G. Act Global LLC	USA	100,00%	0,00%	I
Act Global USA INC	USA	100,00%	0,00%	I
Act Global Americas INC	USA	100,00%	0,00%	I
Xtreme Turf INC	USA	100,00%	0,00%	I

I = Integral consolidation

A = At acquisition value included under financial participations

Beaulieu
International
Group



Beaulieu International Group

Kalkhoevestraat 16 box 0.1
BE-8790 Waregem
T. +32 56 62 59 00

www.bintg.com

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